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The BGL Environmental Services Insider is published by Brown Gibbons Lang & Company, a leading independent investment bank serving middle market companies and their owners throughout the U.S. and internationally.

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## Highlights

### M&A Activity

- The U.S. economy is gaining its footing, with market indicators evidencing positive momentum in manufacturing and job growth. Companies are healthier and free cash flow profiles have improved, setting a tone of cautious optimism in the market.
- Middle market M&A is off to a slower than anticipated start in Q1 '12. First quarter transaction activity, based on number of announced transactions with deal values below \$500 million, was up a modest 4 percent over the year-ago period, following a stronger Q4 '11 which saw 16 percent more deal flow. Valuation multiples are expected to remain elevated as capital chases fewer deals in the marketplace.
- Environmental services M&A activity saw a slower Q1 '12 compared to the year-ago period but indicators suggest the acquisition pipeline is building. Solid waste is expected to see an influx of deal flow in 2012—already tallying the take private of WCA Waste completed in March and the sale of Veolia Solid Waste in process. E-waste saw a number of notable transactions in the first quarter, including the recapitalization of ECS Refining, LLC by private equity firm ZS Fund, L.P., the acquisitions of Asset Recovery Corporation and TechTurn by Arrow Electronics, and Avnet's acquisition of ROUND2.
- The soft M&A market in Q1 '12 has created a fiercely competitive market for high quality transactions, with auctions seeing multiple bidders and lenders competing to win the financing. As a result, middle market acquisition financing multiples are ticking up, tapping on 2007 levels with leverage offers reaching 3.5x/5.0x senior and total debt, respectively, for the best companies. Quality and size are key determinants in both valuation and leverage.

### Spotlight:

#### Electronics Recycling

Page 7

Volume gains, favorable legislation, and green initiatives are fueling increased demand for responsible recycling of electronics—a fragmented industry that is ripe for consolidation.

#### Oil Collections & Rerefining News Update and Valuation

Page 14

Investment activity is continuing, with the sector seeing the announcement of a major acquisition in oil collections in Q1 '12.

### Industry Valuations

- Encouraging economic news in Q1 '12 brought improved investor sentiment and a welcome reprieve from a volatile H2 '11 in the public equity markets. Environmental services stocks came under pressure amid macroeconomic uncertainty but are showing improving trends. All of the BGL sector composites are up through the year-to-date period, with E&C and Special Waste outperforming the broader market. EBITDA multiples are ticking up from Q4 '11 levels under improving economic conditions (Pages 16 and 17).

### Operating Highlights

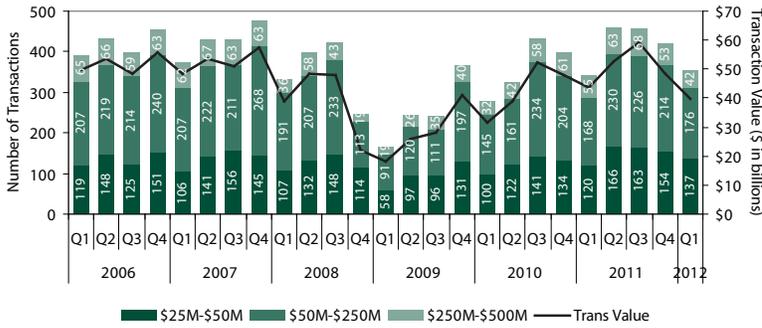
- Solid waste margins remain under pressure amid slow volume growth and defensive pricing to retain business. Despite commodity price headwinds, investments in recycling push forward, with participants reporting strong volumes in the favorable demand environment.
- Supply side and pricing dynamics are likely to put continued pressure on scrap margins in the near-term. Long-term fundamentals remain strong. Accountability and data security are drawing increased attention in the e-waste industry. Exports remain in focus as proposed legislation (RERA) spurs debate in Washington. Proponents encourage its passage, speaking to the potential positive impact on job growth for the domestic recycling industry.
- Special waste companies speak to strong secular growth in the energy, industrial, and healthcare markets. Demand for services around emerging shale plays remains robust.
- Commercial markets are seeing positive growth given the strengthening domestic industrial sector, with public E&C participants citing strong demand for services around water management, wastewater treatment, and energy management. Budget uncertainty continues to cloud growth and earnings visibility in public sector markets. Companies are reporting strong international growth, with energy and mining end markets seeing favorable demand. Accretive bolt-on acquisitions will continue to fuel growth.



## Mergers & Acquisitions

### Mergers & Acquisitions Activity

#### Middle Market M&A Activity

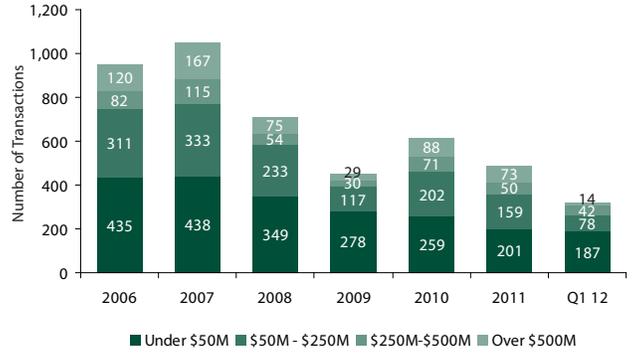


Based on announced deals, where the primary location of the target is in the United States. Middle market enterprise values between \$25 million and \$500 million.

Source: S&P Capital IQ.

## Overall M&A Activity

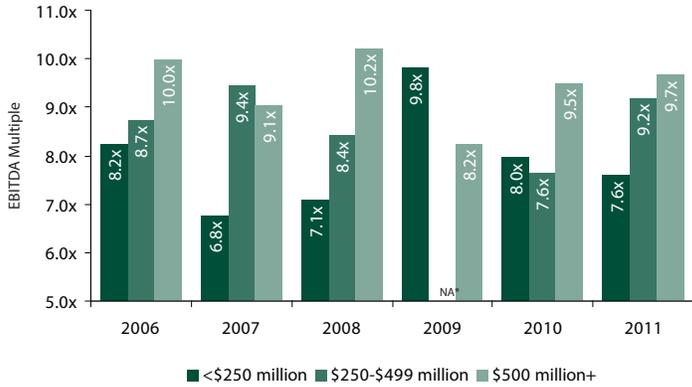
### Private Equity Transaction Activity Transaction Count by Deal Size



Counts only include deals with disclosed transaction values.

Source: PitchBook.

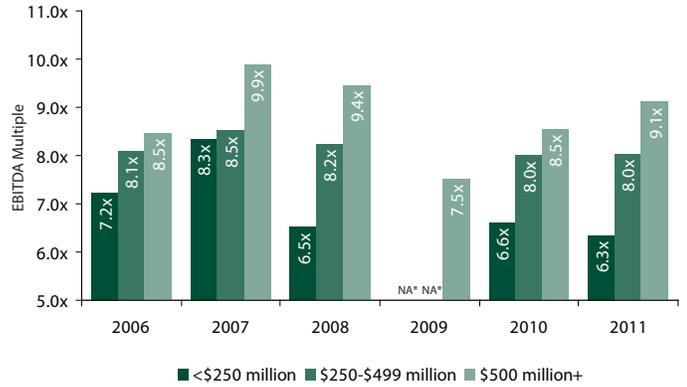
### Strategic Buyer Valuation Trends



\*NOTE: Data not reported due to limited number of observations for period.

Source: Standard & Poors LCD.

### Financial Buyer Valuation Trends

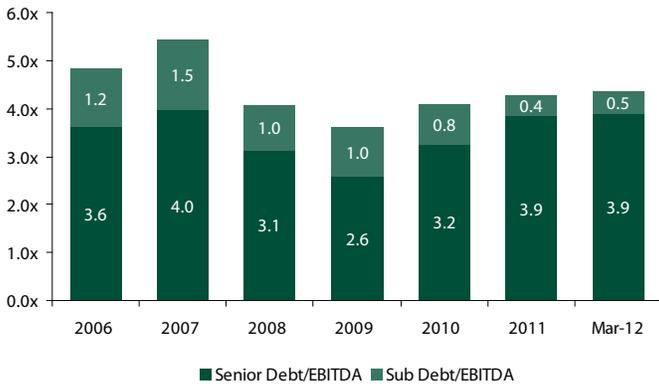


\*NOTE: Data not reported due to limited number of observations for period.

Source: Standard & Poors LCD.

### Acquisition Financing Trends

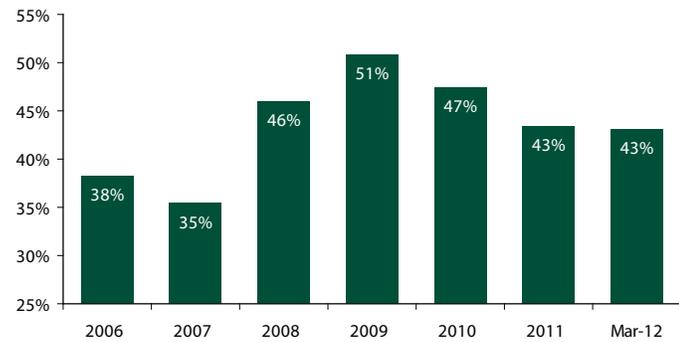
#### Leverage



Middle market enterprise values between \$25 million and \$500 million.

Source: Standard & Poors LCD.

#### Equity Contribution



Middle market enterprise values between \$25 million and \$500 million.

Source: Standard & Poors LCD.





## Mergers & Acquisitions

## Environmental Services M&A Activity

### NOTABLE M&A ACTIVITY IN SOLID WASTE

In March 2012, **Macquarie Infrastructure Partners** completed the take private of **WCA Waste Corporation**. WCA Waste is a full service, non-hazardous solid waste company providing collection and disposal services to commercial, industrial, and residential customers. The company operates 25 landfills, 29 transfer stations, and 29 collection operations, servicing approximately 450,000 customers. WCAA's footprint covers a wide geography from the West (CO, NM) into the Midwest (KS, MO, AR, TX) as well as the East (MA, NC, SC, FL). The company reported revenue of \$263 million and EBITDA of \$58 million for the LTM period ending September 30, 2011. Macquarie's other solid waste holdings include Raleigh, North Carolina-based Waste Industries USA Inc., which the company took private in 2007 in a transaction valued at \$544 million.

The \$526 million purchase price valued WCA Waste at **~2.9x Revenue and 9.0x TTM EBITDA and 8.1x Forward EBITDA**.

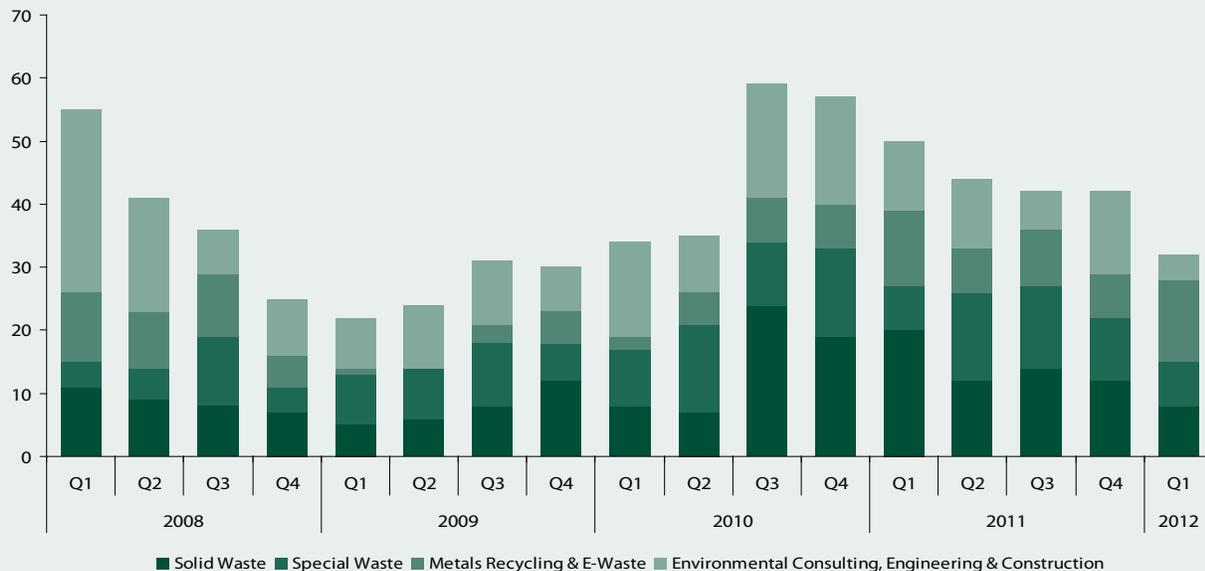
In March 2012, private equity-backed **Custom Ecology** acquired **First Tee Transport** of Pinehurst, North Carolina, a provider of outsourced municipal solid waste hauling service as well as municipal solid waste transfer station loading services to large commercial waste haulers in North Carolina, South Carolina, Georgia, Virginia, Oklahoma, and Arkansas. The buy will expand Custom Ecology's footprint in the

Southeastern United States to ten states, three of which represent new markets for the company. Mableton, Georgia-based Custom Ecology provides outsourced waste services for large commercial waste haulers, servicing municipal solid waste, hazardous waste, and industrial waste streams. The company has been backed by private equity firm **Kinderhook Industries** since 2010.

In March 2012, **Republic Services, Inc. (NYSE: RSG)** announced it acquired Auburn, Massachusetts-based waste and recycling firm **Central Mass Disposal**. With the acquisition, Republic acquired assets in central and western Massachusetts, including six residential routes, six town contracts, and 1,000 commercial and industrial customers. The Republic subsidiary now will be servicing the municipal contracts in Massachusetts for Auburn, Ludlow, Millville, Northborough, Paxton, and Sterling.

In February 2012, private equity firm **Aperion Management** acquired **Sprint Logistics, L.P.**, rebranding the company **Stella Environmental Services**. The company has been in operation for more than 20 years and is recognized as a leading provider of municipal solid waste transfer station management and transportation services in the Houston, Texas market. Stella Environmental intends to expand the company's reach outside of Houston to other cities in Texas and across the Southern United States, said Jim Goodyear, CFO for the new company, in a press release announcing the transaction.

Historical Environmental Services M&A Activity  
Quarterly M&A Activity by Sector



Based on announced deals, where the primary location of the target is in the United States.  
Source: S&P Capital IQ, mergermarket, PitchBook, and BGL Research.

SOURCE: Capital IQ, Waste & Recycling News, Equity Research; and Company Filings.





## Mergers & Acquisitions

## Environmental Services M&A Activity

### NOTABLE M&A ACTIVITY IN SOLID WASTE

In February 2012, **Waste Management (NYSE: WM)** completed the tuck-in acquisition of **Lies Trash Service LLC**. The Wichita, Kansas-based waste hauler services more than 42,000 residential and light industrial customers in the greater Wichita area.

In January 2012, **Waste Pro USA** acquired **Acadian Waste Disposal Service**. Founded in 1992 and based Geismar, Louisiana, Acadian Waste specializes in residential, commercial, and industrial waste disposal, serving over 13,000 residential customers in Ascension Parish. The buy will complement Waste Pro's current operation in Kenner, Louisiana, and allow for greater service flexibility in surrounding parishes, according to a company statement. Waste Pro is backed by private equity firm **Roark Capital Group**.

In January 2012, **Re Community Holdings, LP** acquired **Hudson Baylor Corporation**. Founded in 1983 and based in Newburgh, New York, Hudson Baylor operates 12 recycling facilities in the Northeast and Southwest United States, providing glass, paper and fiber, metal, and plastic recycling solutions to corporations and municipalities.

The move initiates ReCommunity's expansion into the Western United States with material recovery facilities in Scottsdale, Phoenix, and Tucson, Arizona. Hudson Baylor's glass bottle recycling facility also meaningfully complements the company's operations. The acquisition will bring ReCommunity's combined facilities to 36 in 12 states, employing 1,150 people.

ReCommunity was formed in March 2011 after the \$134 million purchase of certain recycling assets of Casella Waste Systems (NASDAQ: CWST). Investors backing the recycling platform include Pegasus Capital Advisors, Intersection, MissionPoint Capital Partners, HarbourVest Partners, and Ares Capital.

### NOTABLE M&A ACTIVITY IN SPECIAL WASTE

In April 2012, **Heckmann Corporation (NYSE: HEK)** completed the acquisition of **Thermo Fluids, Inc.**, a leading collector and reprocessor of used oil sold into the asphalt, re-refining, and other industrial markets. The company has one of the largest environmental services networks in the United States, providing a portfolio of services as a "one-stop" solution to its used oil generator customers, including other essential services such as oily wastewater collection and processing, spent antifreeze collection and recycling, used oil filter collection and disposal, industrial waste management, and parts washer services. The transaction is discussed in more detail on Page 14 of the Environmental Services Insider.

In March 2012, private equity firm **J.F. Lehman & Company** acquired select assets from SEACOR Holdings Inc. (NYSE: CHK): **National Response Corporation**, one of the largest providers of oil spill response services in the United States; **NRC Environmental Services Inc.**, a leading provider of environmental and industrial services on the West Coast; and **SEACOR Response Ltd.** which provides oil spill and emergency response services to customers in various international markets. Based in Great River, New York, the business operates regional offices throughout the United States and internationally and employs approximately 540 people. The cash purchase price paid was \$97 million.

In February 2012, **Waste Management (NYSE: WM)** completed the acquisition of **Reliable Environmental Transport (RET)**. Bridgeport, West Virginia-based RET provides services to the natural gas exploration and production industry in the Utica and Marcellus Shale regions. RET serves the exploration, midstream, and downstream gas markets with traditional non-hazardous and hazardous transportation services, heavy industrial vacuum capabilities, pad services, and emergency response. The buy will enhance WM's ability to offer single-source environmental management services to oil and natural gas producers, including transportation, storage, recycling, treatment and disposal processes.

In February 2012, **ProMed Waste Solutions LLC** acquired **Curtis Bay Energy Southeast, LLC** (fka Phoenix Services, L.P.). Founded in 1988 and based in Baltimore, Maryland, the company operates as a waste-to-energy medical waste processing company, collecting and recycling medical waste from hospitals, medical schools, laboratories, clinics, and physician offices into power.

Founded in 2011 and based in Ocoee, Florida, ProMed offers medical waste disposal, sharps disposal management, prescription waste disposal, and hazardous waste services; mail back programs; and integrated waste stream solutions. The company serves the hospital, physician, pharmacy, specialty waste, waste transporter, dentist, animal hospital/veterinarian, diabetic, health clinic, emergency service, and assisted living and home health industries.

In December 2011, Üetze, Germany-based **Avista Oil AG** acquired a majority interest in **Universal Environmental Services (UES)**, a provider of used oil, used oil filters, and spent anti-freeze collection and recycling services. In September 2011, UES expanded its used oil collection footprint in the Southeastern United States with the merger of the used oil collections business of The McPherson Companies (TMC). The combined network is served by a fleet of 70 collection trucks and 21 terminals covering a geography that extends from North Carolina to Louisiana and from Georgia to southern Ohio, bringing combined used oil gallons collected to nearly 30 million. The transaction is discussed in more detail on Page 14 of the Environmental Services Insider.

SOURCE: Capital IQ, mergermarket, Waste & Recycling News, Equity Research, and Company Filings.





## Mergers & Acquisitions

## Environmental Services M&A Activity

### NOTABLE M&A ACTIVITY IN METALS RECYCLING & E-WASTE

**David Joseph Co. (DJJ)** completed two buys in the quarter, picking up **State Line Scrap Metals Inc.** in March and **Gulf Coast Metals Inc.** in January.

Based in Gastonia, North Carolina, **State Line** operates a scrap metal recycling facility, including an automobile shredder, at its Gastonia location and a feeder yard in Marion, North Carolina. Metal Recycling Services, a DJJ subsidiary, completed the transaction.

Based in Tampa, Florida, **Gulf Coast Metals** operates Florida's largest secondary aluminum melting operation. The company operates three additional recycling facilities in Gainesville, Sarasota, and Tampa. All three sites provide full-service metal recycling, buying all grades of ferrous and non-ferrous scrap metal. The secondary aluminum melting operation will enable Trademark to convert aluminum scrap into value-added products including sows, ingots, and cones which are used primarily by the aluminum and steel industries. Trademark Metals, a DJJ subsidiary, completed the transaction. Trademark operates 26 scrap metal recycling facilities in Florida and Georgia and employs more than 500.

Cincinnati, Ohio-based DJJ is a subsidiary of Charlotte, North Carolina-based Nucor Corp. (NYSE: NUE). DJJ said the acquisition reflects the company's plan to expand existing regional recycling platforms.

In February 2012, private equity firm **ZS Fund L.P.** completed the recapitalization of **ECS Refining, LLC**. Founded in 1980 and based in Santa Clara, California, ECS is a leading, full-service recycling and end-of-life services company for electronics, industrial equipment, and hazardous waste in North America. Operating from facilities in California, Texas, and Oregon, the company offers an entire breadth of services from recovery and refining to asset management to refurbishment and resale (Page 8).

**Arrow Electronics (NYSE:ARW)** completed two acquisitions in Q1 '12, including in **Asset Recovery Corporation** (Asset Recovery) in February and **TechTurn, Ltd.** (TechTurn) in January, increasing its presence in the electronics asset disposition (EAD) market. Based in St. Paul, Minnesota, Asset Recovery is a North American provider of EAD services, including data removal, data security, refurbishment, and remarketing of electronic assets, serving customers in the retail, manufacturing, healthcare, finance, and transportation industries. Company revenues are projected to reach \$20 million in 2012. The transaction represents an exit for private equity investors Granite Equity Partners, Rockwood Equity Partners, and North Point Capital Partners, which acquired the company in October 2006.

Based in Austin, Texas, TechTurn offers a comprehensive portfolio of EAD services, including asset retirement, data wipe, asset test and diagnostics, data sanitation, and refurbishment and remarketing, and serves OEMs, Fortune 500 customers, and large retailers. The company employs 135 people and has offices in Texas and Virginia, as well as partner facilities in Europe and Canada. Company revenues are projected to exceed \$50 million in 2012.

In February 2012, **Universal Scrap Metals (USM)** acquired Chicago, Illinois-based scrap copper processor **Premier Metals Recycling**. The buy will add copper recycling to USM's current ferrous, non-ferrous, electronic, and composite scrap recycling capabilities

In February 2012, **Vinton Scrap & Metals Company, Inc.** was acquired by **Omnisource Corporation**. Founded in 1975 and based in Vinton, Virginia, Vinton Scrap is a leading regional scrap metal processor serving customers in Virginia and West Virginia. The company processes and distributes a variety of ferrous and non-ferrous metals and maintains in excess of 100,000 tons of annual processing capacity. Omnisource, a subsidiary of Steel Dynamics, Inc. (NasdaqGS: STLD), is one of North America's largest processors and distributors of scrap and secondary metals, operating more than 75 recycling facilities in the Midwest and the Southeastern United States, including 11 automobile shredders.

In January 2012, **Avnet, Inc. (NYSE:AVT)** acquired **ROUND2 INC.** and its parent **Round2 Technologies, Inc. (ROUND2)**. Founded in 2005 and headquartered in Austin, Texas, ROUND2 provides electronics recycling services including electronics testing and repair, product disassembly, and commodity recycling. The company operates facilities in Texas, Ohio, and Georgia, and generated revenue of approximately \$40 million in 2010. ROUND2 will be integrated with Avnet Integrated Resources, which provides reverse logistics and aftermarket services to the global technology industry. The buy will expand Avnet's capabilities in asset disposition and technology recovery solutions.

SOURCE: Capital IQ, mergermarket, Waste & Recycling News, Equity Research, and Company Filings.





## Mergers & Acquisitions

## Environmental Services M&A Activity

### NOTABLE M&A ACTIVITY IN ENVIRONMENTAL CONSULTING, ENGINEERING & CONSTRUCTION

In March 2012, **TRC Companies, Inc.** (NYSE: TRR) announced the acquisition of the assets of the **East Region Operations of Environmental & Occupational Risk Management, Inc.** (EORM), a San Jose, California-based provider of environmental, health, safety, and sustainability (EHS) consulting services.

TRC will acquire the assets of EORM's Danvers, Massachusetts operation. The business provides a comprehensive range of strategic, management, and technical EHS and sustainability consulting solutions including assessment, compliance, risk management, reporting, training, and communication, serving primarily manufacturing sector clients in the region. The buy is expected to enhance TRC's position in the EHS market and within the industrial sector as a whole and complements the company's acquisitions of RMT Environmental and The Payne Firm in 2011.

In March 2012, **Cardno Limited (ASX: CDD)** acquired **ATC Group Services Inc.** Based in Lafayette, Louisiana and doing business as ATC Associates, the 1,600-person consulting firm specializes in environmental consulting and services, building sciences, geotechnical engineering, and construction materials testing.

The buy will strengthen Cardno's exposure to the environmental and natural resources management market in the United States and is complementary to the company's existing U.S. businesses, according to a company statement. The acquisition confirms Cardno's position as one of the largest environmental consulting firms in the United States. The transaction represents an exit for private equity firms Falcon Investment Advisors and Cerberus Capital Management, L.P.

Headquartered in Fortitude Valley, Australia, Cardno offers a range of environmental engineering and management services in such areas as environmental and natural resources; climate change and water quality; water and wastewater; coastal, ocean and marine; and mining and resources. The company employs more than 6,400 people in over 251 offices around the world. Cardno reported revenue of \$862 million and EBITDA of \$109 million in 2011.

The purchase price paid was \$106 million.

**Transaction Multiples: ~.6x TTM Revenue; ~6.6x TTM EBITDA**

In February 2012, **URS Corporation (NYSE: URS)** announced the acquisition of **Flint Energy Services Ltd.** (TSX: FES) (Flint). Flint is a leading provider of construction services for the oil and gas industry. The company's service offering spans the full cycle of oil and gas exploration and production, including constructing well pads, moving rigs, manufacturing processing equipment, installing small and mid-diameter pipelines, transporting fluids, performing a wide range of mid-cycle production services, and constructing and maintaining large oil sands facilities. The company services Western Canada's oil, oil sands, and gas producing regions (approximately 80 percent of revenues) and the Southwest, Appalachian, and Rocky Mountain regions of the United States (20 percent of revenues). Flint employs approximately 10,000 people across a network of approximately 80 North American locations.

The buy will significantly expand URS' presence in the oil and gas industry, increasing its sector revenues to approximately 22 percent of total revenues. The \$1.5 billion purchase price consists of \$1.2 billion in cash and the assumption of \$260 million in debt.

**Transaction Multiples: .9x TTM Revenue; 10.9x TTM EBITDA**

SOURCE: Capital IQ, mergermarket, Waste & Recycling News, Equity Research, and Company Filings.





## Spotlight On: Electronics Recycling

*In continuing our coverage of waste recovery, we turn our focus on electronics recycling (e-cycling or e-waste), the fastest growing segment of the recycling industry. Resource scarcity, sustained high and volatile energy and commodity prices, and growing environmental awareness have given rise to increased recycling, with e-waste capturing headlines, as industry developments such as landfill and export bans, state adoption of e-waste legislation, and industry coalitions draw attention to the management, handling, and resource recovery associated with this growing waste stream.*

E-waste volumes are only expected to grow given the proliferation of new electronic devices and increasing pace of obsolescence. ABI Research forecasts the global market for e-waste recovery will reach \$14.7 billion by 2014—up from \$5.5 billion in 2009, equating to a 5-year CAGR of 21.9 percent. Worldwide, an estimated 53 million tons of electronic waste was generated in 2009, of which only 13 percent was recycled.<sup>(1)</sup>

E-waste is the fastest growing municipal waste stream in the United States. Positive macro trends are fueling strong secular growth:

- Increasing apprehension over environmental pollution
- Growing adoption and shorter lifecycles of electronics
- Increased state and local legislation banning the traditional disposal of certain electronic devices
- Increasing resistance to the exportation of e-waste
- National recycling programs instituted by the largest electronics manufacturers and retailers
- Growing concerns over unauthorized access to personal and corporate data stored on end-of-life electronic equipment

Rising concerns over environmental pollution are prompting state and local law makers to enact legislation banning the disposal of certain electronic devices. As of March 2012, 25 states have passed legislation mandating statewide e-waste recycling, which represents roughly 65 percent of the country that is covered by a state e-waste law. The introduction of “take-back bills” is forcing manufacturers to pay for the costs

of recycling the electronics that they produce. Further, law making bodies are focusing on legislation to prevent the exportation of e-waste. According to the Electronics TakeBack Coalition, 50 to 80 percent of collected e-waste is currently shipped overseas.

### CONSOLIDATION

The e-waste market is highly-fragmented, with size, scale, and level of sophistication varied across the landscape of collectors and processors. Estimates put the count at some 500 participants (excluding those that are solely collectors)<sup>(2)</sup>, to more than 3,000 using the broadest definition of the value chain, according to industry insiders, with a limited number of pure-play companies of scale. Attractive industry fundamentals have drawn interest from both corporate and private equity buyers, which include, in addition to e-waste recyclers, scrap metal processors, reuse companies, hazardous waste processors, and traditional solid waste companies looking for new avenues of growth.

The industry is in the early stages of consolidation. Smaller participants are constrained by limited processing capabilities and face pressures from increasing regulatory complexities and heightened scrutiny to exercise environmentally sound practices. Customers (i.e., retailers, manufacturers, corporations, and municipalities that generate e-waste) are increasingly looking to larger, full-service providers that can offer comprehensive end-to-end management and destruction of electronic waste. These dynamics are forcing providers to evaluate strategic options as the industry undergoes further expansion. In turn, industry consolidators are actively evaluating acquisitions as a means to accelerate growth and gain economies of scale.

#### NOTES:

<sup>(1)</sup> ABI Research.

<sup>(2)</sup> International Association of Electronics Recyclers.





## Spotlight On: Electronics Recycling

*The opportunity to consolidate and lead in the e-waste market is significant. Demand is growing for integrated providers that service the entire value chain, from reverse logistics and collections to downstream recycling, which is expected to accelerate the pace of consolidation as participants look to broaden geographic footprints and expand service offerings to achieve the advantages of scale and secure customers as true end-to-end solutions providers.*

Selected Investment Activity in E-Waste		Date	Transaction	Capital Source
Investor	Target			
ZS Fund L.P.	ECS REFINING	February 2012	Recapitalization	Private
AVNET®		February 2012	M&A	Public
	ASSET RECOVERY CORPORATION	February 2012	M&A	Public
	TechTurn™ The Technology Returns Experts	January 2012		
	CONVERGE®	December 2010		
		April 2010		
		October 2011	New Business Venture	Public
	MORDELL COMPUTER REFINISHING, RECYCLING, DESIGN	August 2011	M&A	Public
	geep Global Electric Electronic Processing	April 2011	M&A	Private
	ergoTrade The better way for IT	March 2011	M&A	Public
	Device	March 2011	M&A	Public
	Electronic Recyclers™ California's #1 e-waste recycler	March 2011	Minority Equity	Public

February 2012

**ECS REFINING**

— recapitalized by —

**ZS Fund L.P.**

BROWN GIBBONS LANG & COMPANY

### BGL Client:

#### ECS Refining, LLC

Established in 1980, ECS is one of the nation's largest full-service recycling and end-of-life services providers for electronics, industrial equipment, and related hazardous waste. ECS' unique and broad set of capabilities represents a complete "end-to-end" solution for IT and other electronic products (i.e., zero landfilling or overseas processing), spanning precious metals recovery and refining, cathode ray tube (CRT) glass recycling, and asset management, refurbishment, and resale. In 2011, the company was featured on Inc. magazine's list of Fastest Growing Private Businesses in America.

### Results:

ECS Refining LLC was recapitalized by ZS Fund L.P. The partnership will bring capital and additional operating resources to pursue a national expansion strategy with the Midwest and East Coast regions in focus.

*"...the BGL team worked tirelessly to evaluate our strategic alternatives and was instrumental in developing and executing the transaction strategy."*

*Jim Taggart, CEO  
ECS Refining, LLC*





## Spotlight On: Electronics Recycling

In February 2012, BGL announced the recapitalization of ECS Refining, LLC by private equity firm ZS Fund L.P. Following is an interview that BGL conducted with ECS CEO Jim Taggart and Adam Lehrhoff, a partner at ZS Fund who oversaw the transaction. Jim and Adam share their insights on the industry and the company's growth plans.

### *What are key drivers of industry growth?*

**Jim Taggart:** Electronics recycling is the one of the fastest growing areas in the waste industry right now. As a society, we are generating more and more electronic devices with shorter life spans, so sheer volume continues to grow. Land bans and other state specific regulations are also driving growth. There is growing awareness that these materials are hazardous to the environment and need to be handled properly. The devices are also getting harder to reuse and recycle, which creates processing challenges but gives rise to additional services that must be provided by companies like ECS.

It is a very dynamic market and companies are developing new solutions and ways of collecting and accounting for these materials. Staying on the leading edge, being able to supply solutions and keep the cost of those solutions down, is important. The top recycling companies will continue to invest in more sophisticated collection and processing techniques to stay ahead of current trends and provide more value to their customers.

**Adam Lehrhoff:** The e-waste industry in the United States has been growing by double-digit rates. We think the growth will continue, driven by a number of factors including the proliferation of electronic devices, increased environmental awareness on the part of consumers, corporations, and municipalities; and a favorable legislative environment that will drive increased recycling rates throughout the country.

The industry is also still relatively immature. The competitive landscape is highly fragmented with only a handful of companies of any significant scale. As the industry matures, we believe that customers will want to deal with fewer, larger service providers that can provide them with a broader set of services

across multiple geographic regions. The market has very few end-to-end providers today, so the opportunity exists to build a significant company. We believe that there's an opportunity for high quality service providers like ECS to grow at above market rates by providing that additional value proposition to its customers.

### *What do you perceive to be challenges facing the industry in the coming years?*

**Taggart:** One of the challenges is standards—educating the industry that there is a difference in processors and in the way materials are handled. If you want consistency and predictability, it requires dealing with a company that has invested in doing it right. ECS has always operated with the highest standards, working to the customer that has the toughest requirements. We are founding members of e-Stewards and adhere to the required certification processes.

Chain of custody is becoming more important. We are an environmental company first, and that culture carries through to our people and our operations. A waste company that landfills or incinerates material is looking at its business very differently. The model doesn't fit well with the new paradigm of e-waste, which needs to be recycled and recycled safely.

**Lehrhoff:** As new entrants have entered the market, there is sometimes a divergence between what some companies say that they do and the services that they actually provide. The industry is evolving very rapidly, and we'll need to continue to execute inside of a fast-moving and increasingly competitive environment by building upon the processes and knowledge base that ECS has developed over its 30-year history.

“The market has very few end-to-end providers today, so the opportunity exists to build a significant company.”

—Adam Lehrhoff  
ZS Fund L.P.





## Spotlight On: Electronics Recycling

### *How does the current state-mandated regulatory framework impact a regional or national expansion strategy?*

**Taggart:** Variability in the state programs is just something that you have to navigate. Working within all of the different state-wide rules is, to a large extent, becoming the recycler’s responsibility because the manufacturer is delegating that requirement to the companies handling the material. If a company is able to do that well, it provides the opportunity to handle more material for more customers across multiple legislative environments.

Right now, the OEMs have to go to a number of regional players with different standards and capabilities. Our goal is to have a consistent national collection and processing network so that we can provide the same service to any OEMs, Fortune 500 companies, or other customers at any location across the United States.

**Lehrhoff:** While laws are being enacted on a state-by-state basis, there are many similarities across the different forms of legislation—most based around producer responsibility laws. While particular legislation may dictate how you operate on the ground, we do not see it hindering expansion. It might just change particular business practices within a given state. The current patchwork of legislation across the country is likely to favor the larger recyclers who can invest the necessary resources to comply with and manage the various state programs for their customers.

### *What is your perspective on the different state funding models?*

**Taggart:** California is currently the only state with a consumer pay model. The balance of the states have gone with the manufacturer responsibility model, so there is that level of consistency in other parts of the country. It is likely to be the model that most of the rest of the country will adopt. In the end, whether the consumer or manufacturer is directly funding a particular program, the cost associated with the responsible end-of-life processing of the electronics will ultimately be incorporated into the cost of the manufacturer’s product.

**Lehrhoff:** Regardless of the form that the legislation takes, it all shares the common goal of promoting the recycling of electronic products. Whether that is achieved through a government, consumer, or producer pay model, it is ultimately just a different mechanism to drive the same common behavior. We think the mechanism is not as important as the fact that there continues to be legislation driving increased recycling adoption.

### *Do you see the potential for federal legislation and does it pose further operating challenges?*

**Taggart:** The federal government may be willing to consider guidelines on how the material is handled or what is considered a waste, however I don’t expect a federal solution any time soon. Ultimately, it is assumed that most states will require the manufacturers to take responsibility for the material. Today, 25 states have passed some form of e-waste recycling law, including many of the larger states, such that roughly 65 percent of the country is now covered by e-waste legislation. However, the rules are different in every state, and they include different materials from state to state.

Exportation is one area that may see increased regulation, which will be driven in part by environmental groups, manufacturers, and other corporations. To the extent that waste can be exported, it takes away from it being processed domestically and creating jobs and reduces the ability to monitor whether it’s being handled in an environmentally responsible manner.

**Lehrhoff:** The states are making progress in promoting the recycling of electronic waste, and we would expect that any federal legislation will be additive to those efforts—for example, a restriction on the exportation of e-waste. We don’t see that as a challenge, but rather as an opportunity to reduce the prevalence of certain less-environmentally friendly behavior from companies purporting to be environmentally focused processors.

“Our goal is to have a consistent national collection and processing network so that we can provide the same service to any OEMs, Fortune 500 companies, or other customers at any location across the United States.”

—Jim Taggart  
ECS Refining, LLC





## Spotlight On: Electronics Recycling

### *How do you look at commodity price volatility associated with the downstream recycling business?*

**Taggart:** All the waste that we take in ultimately is processed into commodities and resold, and there is market variability on those materials. You can mitigate that risk by pricing your services and paying for materials on a variable basis; hedging to create a more consistent flow; and responding quickly to market changes. That is another justification for maximizing reuse in the system because it minimizes the commodity risk.

**Lehrhoff:** While commodities are part of the revenue stream, ultimately you are providing a service to your customers. If customers are demanding increased recycling of electronics and you are a capable and efficient provider of that service, you should be able to manage the commodity risk internally or through creative solutions with your customers.

### *What have been the major drivers of your historical growth?*

**Taggart:** Being in California was helpful initially because the state is a leader in environmental stewardship and supported the recycling of these materials. We developed a culture and a capability around that. We had the capabilities in place to accept more volume as demand for end-of-life recycling has continued to grow. And we have scaled our footprint, adding facilities in Texas and Oregon, and are looking to expand nationally. We've developed a "formula," you might say, for handling these materials in one of the strictest state environments and have mimicked that in our processes in our other locations throughout the country.

### *As an investor looking at the industry, you spent considerable time on formulating your investment thesis and finding the right platform. Can you offer your perspective on the process leading up to your investment in ECS?*

**Lehrhoff:** We started looking at the industry back in 2008 and were very intrigued by the underlying trends that were driving overall growth, all of which continue today. The downturn lengthened our search given that very few transactions were getting done because of the difficult economic climate. In addition, there were a very limited number of companies that possessed the scale that we believed was important as a starting point for our investment. We believed that we needed to find a company large enough to have already established a presence in the market and that had enough infrastructure and resources to be able to invest heavily in its growth.

Once we learned of ECS, we knew it would be an ideal platform to build an industry leading company. We approached the ECS transaction similarly to the way we approach all of our potential investments. We invest the time and resources upfront to answer any big picture questions that may exist, so that once we agree on a transaction structure with a seller, we all have a high degree of confidence that the transaction will close.

### *What are some of the differentiating characteristics of the business that led you to pursue a transaction with ECS?*

**Lehrhoff:** ECS was one of the largest electronics recyclers in the United States. It also had a comprehensive service offering, from refurbishment, reuse and resale, through full processing and recycling of end-of-life electronics. Many of its competitors were more narrowly-focused in one particular service area or another, and we believed that customers would continue to seek out service providers like ECS with a broader breadth of services. We were also impressed with ECS' reputation in the market and its adherence to extremely high environmental standards (which we also saw as a differentiator in the market).





## Spotlight On: Electronics Recycling

### *What factors influenced your decision to partner with private equity?*

**Taggart:** We were looking for a partner that could provide us with the capital and other resources to help us to capitalize on the opportunity that we knew existed in the market. ZS had been looking at the industry for a while and uniquely understood the complexities of the business. We felt they would make a good partner, and with their capital support, could help us achieve our goal of growing the company nationally, both organically and through acquisition. In addition, ZS' flexible operating style, allowed us to structure the transaction so that we would continue to own a significant ownership stake in the company.

### *What are your plans to grow the business?*

**Taggart:** We are looking to expand the platform nationally through a combination of greenfield locations and acquisitions, which will likely initially include a facility in the Midwest and on the East Coast corridor. A desirable acquisition candidate would be regionally complementary in areas that expand our footprint and have the collection capability and customer base to supply the facilities.

**Lehrhoff:** We expect to grow the business organically and through selective acquisitions. Due to transportation costs, we believe it is important that we expand our footprint throughout other parts of the country. We therefore expect that our growth will initially be driven by geographic expansion, particularly in the Midwest and eastern parts of the country where more recent legislation is driving increased recycling demand. That may come from greenfield facilities or from acquisitions, and we are actively pursuing both.

### *What will be ECS' role in assisting with the identification and evaluation of acquisition targets?*

**Lehrhoff:** Jim and Ken Taggart have been in the industry for more than 30 years. There are not many operators in the industry who can say that. They know all the players, and they have excellent relationships throughout the industry. They will be instrumental in helping to identify acquisition candidates and will provide us with valuable insight into a potential company's operations, management team, and reputation in the industry.

### *As you look across the value chain, are there additional services that present opportunity for growth?*

**Taggart:** We continue to develop new capabilities that the market needs, and that we believe will differentiate us and get us stickier with the customer. For example, we have continued to invest in more efficient separation and processing technologies that address the variability in the material and allow for cleaner separations to recover more value. We also have developed a fully integrated glass processing operation to have more control over the processing of CRT devices that comprise a large portion of the e-waste stream. We've tried to be innovative on the collection side, developing our e-collective system in California and Texas to help facilitate collection efforts with a brand that consumers can trust. We have also embraced technology as a differentiator, with a B2B software platform that provides a unique way for customers to control and monitor the flow of their materials and maximize the value that they can derive from their used electronics.

**Lehrhoff:** We want to bring all services to all geographies, and so our focus will be on scaling the operation and growing geographically. The go-to-market strategy might be different depending on the customer base, the sources of e-waste or the legislative environment in a particular state or region, but ultimately we are going to be the most successful if we can offer a broad range of services to our customers in each location in which we operate.

“We expect that the industry will continue to consolidate, driven both by customers seeking to deal with a smaller number of larger, more capable service providers, and by service providers seeking the benefits of scale.”

—Adam Lehrhoff  
ZS Fund, L.P.





## Spotlight On: Electronics Recycling

### *Do you see growing customer demand for end-to-end solutions providers?*

**Taggart:** Customers are definitely looking for it, and I think they will reward the company that can do it well. Manufacturers do not want to have 50 different programs to manage in 50 different states. They want someone to provide that solution for them across the country. Nobody has done that yet.

### *How do you view refurb/resale versus asset disposition from a value perspective?*

**Taggart:** It is an area we are in and are expanding. We've also been investing in technology to bolster that service offering with our ServoTerra platform.

We believe that the refurb/resale business will continue to grow as more companies require asset management services for Sarbanes Oxley compliance, security reasons, or to derive more value from their used IT assets. Others may want to see their materials completely processed and not back out in the market, so being able to service that entire value chain is increasingly important.

### *How do you see consolidation shaping the industry going forward?*

**Taggart:** It is a highly fragmented industry. The competitive landscape includes not only other e-waste companies but also solid and hazardous waste companies, scrap metal processors, reuse companies, and even landfills—participants along the value chain that are taking material out of the stream. Most collectors are doing some level of processing with the material, and most generate less than \$1.0 million in annual sales. By that definition, there are probably more than 3,000 companies that are involved in the e-waste space in some way.

Consolidation is already taking place. We have seen it in California, where there are now really three of us that handle about 70 percent of the material in the state. I think it will happen nationally over time. You need the scale to process large quantities of material in order to make the economics work. There will be a few players that can offer solutions anywhere in the country, and they will be rewarded with an increasing share of the market.

We are now starting to see companies for sale coming to market; however, most of them are not very profitable. I think some operators are concerned about getting left behind in a consolidation. They aren't making enough money to justify the capital commitments necessary to grow their business, so will need to combine with a larger entity to maintain their share of the market.

**Lehrhoff:** We expect that the industry will continue to consolidate, driven both by customers seeking to deal with a smaller number of larger, more capable service providers, and by service providers seeking the benefits of scale. We hope to have a hand in part of that consolidation as well, as ECS looks to expand throughout the rest of the country.

“Consolidation is already taking place. There will be a few players that can offer solutions anywhere in the country, and they will be rewarded with an increasing share of the market.”

—Jim Taggart  
ECS Refining, LLC





## Oil Collections & Rerefining

## News Update & Valuation

**Public and private capital inflows to the sector suggest a positive outlook, with recent market activity indicative of momentum that is building:**

### M&A IN FOCUS

Consolidation is underway, underscored by the acquisition of Thermo Fluids, Inc. by Heckmann Corporation (NYSE: HEK). The buy establishes a new growth platform for HEK, a supplier of water management services to the oil and gas industry. Avista Oil AG, a leading used oil collector, rerefiner, and blender in Europe, acquired a majority stake in Universal Environmental Services, furthering its commitment to the expansion of its used oil collection and rerefining capabilities in the United States.

### Heckmann acquires Thermo-Fluids



In April 2012, Heckmann Corporation (NYSE: HEK) completed the acquisition of Thermo-Fluids, Inc. (TFI). TFI is the largest seller of commercial fuel oil from recovered used oil in the Western United States, with facilities and customers in 18 states, and holds an estimated total market share of approximately 35 percent (in markets served). In 2011, the company processed and sold approximately 54 million gallons of reprocessed fuel oil to more than 250 customers, which include Walmart, Penske, Jiffy Lube, Halliburton, Peabody Energy, ConocoPhillips, and CEMEX. TFI pro-forma revenues are estimated at \$147 million. Trailing 12-month EBITDA was \$34 million. TFI was acquired by private equity firm CIVC Partners in 2006.

The buy represents Heckmann's largest acquisition to date and establishes a new growth platform for the Coraopolis, Pennsylvania-based company, whose focus has been on water and wastewater solutions for the shale oil and gas industry, providing water disposal, trucking, fluids handling, treatment and pipeline transport facilities, and water infrastructure services for oil and gas exploration and production companies. With the acquisition, the used oil recycling and environmental services business will account for an estimated 31 percent of Heckmann's revenues in 2012. The acquisition will add 290 trucks, 190 rail cars, and 31 locations to the company's asset base. Post-acquisition, TFI management is expected to stay on and lead the segment.

The \$245 million purchase price consisted of cash (\$227.5 million) and stock (\$17.5 million in HEK shares). In April 2012, Heckmann secured \$330 million in financing (debt (\$250 million) and equity (\$80 million)) to fund the TFI purchase and restructure existing debt. The company also secured a \$150 million revised credit facility (expandable to \$200 million) to fund future asset purchases and potential acquisitions.

Transaction Multiples: ~1.7x Forward Revenues; ~7.2x TTM EBITDA

### Avista ups its stake in Universal Environmental Services



In December 2011, Avista Oil AG of Germany acquired a majority stake in Universal Environmental Services (UES). Avista announced its partnership with UES in April 2011 to jointly pursue U.S. expansion into rerefining, at which time it acquired a 50 percent stake in the company. In December, Avista acquired the remaining equity stake in UES from private equity owners MidMark Capital and Navigator Partners, increasing its ownership stake to 86 percent. The two firms now each hold an indirect interest stake in Avista. Site work for the rerefinery project is continuing. UES began construction of a 30 million gallon Group I and Group II base oil rerefinery in Peachtree, Georgia, which is scheduled to begin production in Q1 '13.

### REREFINERY EXPANSION CONTINUING

U.S. facility expansions are advancing. Public players Heritage Crystal Clean and FCC Environmental represent significant future additions in U.S. rerefinery capacity:



In Q1'12, Heritage Crystal Clean (NasdaqGM: HCCI) began producing lubricating base oil at its Indiana rerefinery, a major milestone in an accelerated timetable since the facility expansion was first announced in March 2010. The 50 million gallon used oil rerefinery, the second largest in the United States, is expected to produce up to 30 million gallons of lubricating base oil annually.

HCCI more than doubled its fleet of used oil collection trucks, reporting 94 in Q4 '11—up from 42 trucks from the year-ago period, and is ramping up its used oil collection volume, reporting an annual run rate of 25 million gallons.

In April 2012, the company announced plans for a follow-on equity offering of 2.3 million shares of HCCI stock. In February 2012, the company filed a shelf registration statement relating to the offering of the common stock, which has become effective. According to a press release announcing the transaction, a portion of the net proceeds from the capital raise will be used for corporate purposes, which may include, "...the addition of rerefining capacity via expansion of our existing rerefinery, construction of a new rerefinery, acquisitions or investments in existing rerefinerries and/or acquisitions of used oil collection capacity."



FCC Environmental (parent company Fomento de Construcciones y Contratas, S.A. (CATS: FCC)) has begun the engineering phase for the construction of a \$50 million Group II base oil rerefinery project in Baltimore, Maryland, which is expected to begin operations in mid-2013. Annual processing capacity of the facility is projected to be 40 million gallons, of which an estimated 75 percent, or 30 million gallons, will be rerefined into base oil. The Baltimore rerefinery is the first of several facilities planned in the United States.





## Oil Collections & Rerefining

## News Update & Valuation

### REREFINERY EXPANSION CONTINUING



Green View Technologies Inc. reported it is in the final stages of construction of its Rollinsford, New Hampshire rerefinery. The company announced the expansion in May 2011. The facility will be the first used oil rerefinery in the Northeast United States and will have an annual processing capacity of 5 million gallons.



The start up of the NexLube Tampa rerefinery is moving forward. The company announced in February 2012 that it received a construction permit to build a rerefinery and blending plant in Tampa, Florida. NexLube has plans for a rerefinery that will recycle 24 million gallons of used oil annually, producing about 20 million gallons per year of Group II base oil, which will be fully operational by year-end 2013. The project cost is estimated at \$80 million, according to Enzo D'Angelo, NexLube Tampa managing director, in a statement to *Lube Report*. The rerefinery will use Revivoil technology, developed by Viscolube of Italy and Axens of France.

## Sector Valuations

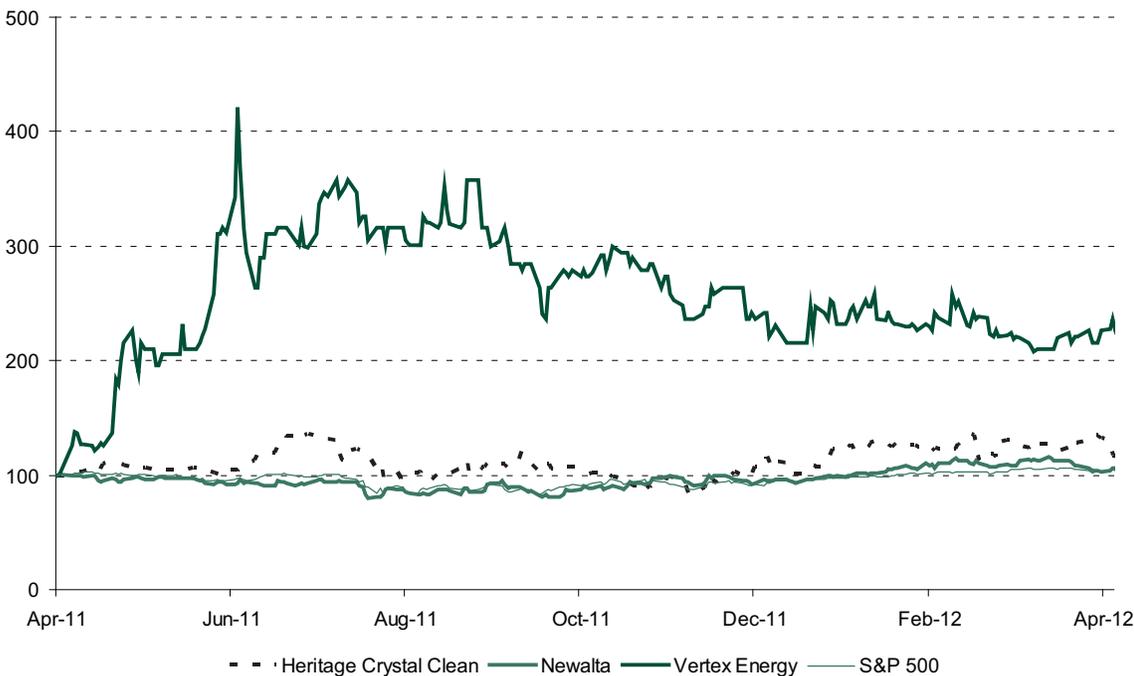
### Summary Statistics

Company	Market Cap	Enterprise Value	Trailing Twelve Months (TTM)			Revenue Growth		% Margin		Total Debt / EBITDA	Enterprise Value / TTM		
			Revenue	EBITDA	EBIT	1 Year	3 Year	EBITDA	EBIT		Revenue	EBITDA	EBIT
Newalta Corporation	\$694.1	\$1,015.8	\$671.7	\$138.6	\$74.7	18.5%	4.6%	20.6%	11.1%	2.3x	1.5x	7.1x	13.6x
Heritage-Crystal Clean, Inc	296.1	315.8	152.9	7.5	2.5	36.3%	12.2%	4.9%	1.6%	2.9x	2.1x	41.9x	127.0x
Vertex Energy, Inc.	20.3	19.6	109.7	4.1	4.0	88.7%	18.9%	3.8%	3.6%	0.0x	0.2x	4.7x	4.9x
<b>Median</b>	<b>\$296.1</b>	<b>\$315.8</b>	<b>\$152.9</b>	<b>\$7.5</b>	<b>\$4.0</b>	<b>36.3%</b>	<b>12.2%</b>	<b>4.9%</b>	<b>3.6%</b>	<b>2.3x</b>	<b>1.5x</b>	<b>7.1x</b>	<b>13.6x</b>
<b>Mean</b>	<b>\$336.8</b>	<b>\$450.4</b>	<b>\$311.4</b>	<b>\$50.1</b>	<b>\$27.1</b>	<b>47.9%</b>	<b>11.9%</b>	<b>9.8%</b>	<b>5.5%</b>	<b>1.7x</b>	<b>1.2x</b>	<b>17.9x</b>	<b>48.5x</b>

As of April 20, 2012

Source: S&P Capital IQ and SEC Filings.

### LTM Stock Price Performance



LTM Change (%)	
Heritage Crystal Clean	23.3%
Newalta	6.2%
Vertex Energy	126.3%
S&P 500	3.6%

Index: April 20, 2011= 100.

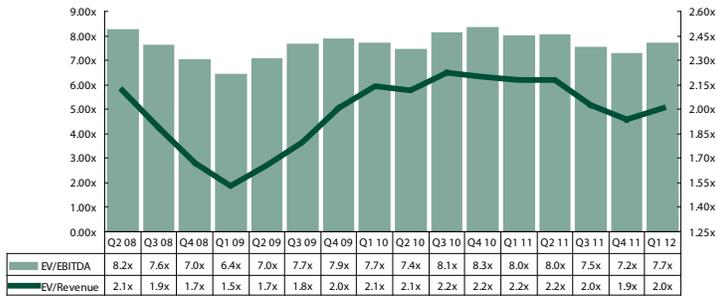
Source: S&P Capital IQ.



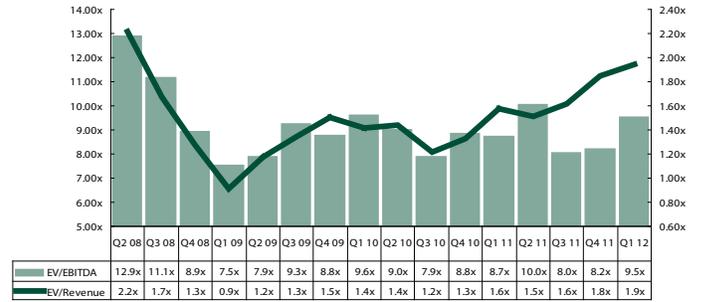


## Industry Valuations

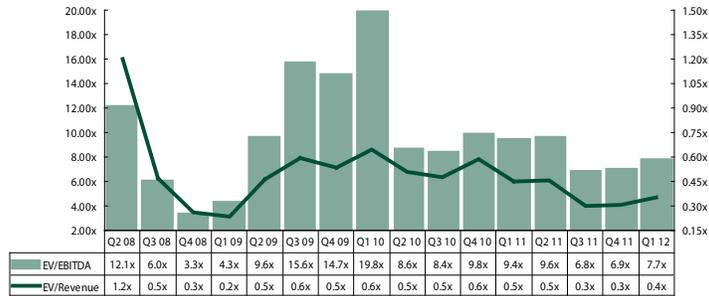
### Solid Waste



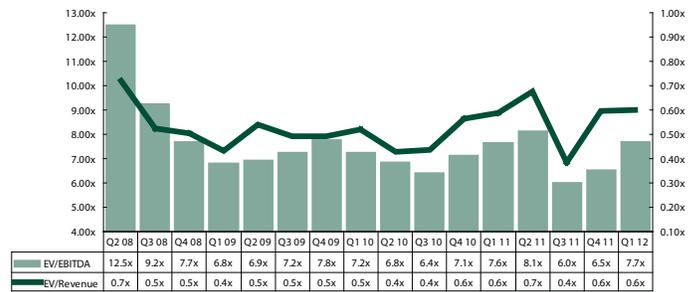
### Special Waste



### Metals Recycling & E-Waste



### Environmental Consulting, Engineering & Construction



BGL Environmental Services indices defined on Page 17.  
SOURCE: S&P Capital IQ.





## Industry Valuations

(\$ in millions, except per share data)

Company Name	Country	Ticker	Current Stock Price (1)	% of 52W High	Market Capitalization (2)	Enterprise Value (3)	TTM Enterprise Value / Revenue	TTM Enterprise Value / EBITDA	Total Debt/ EBITDA	TTM Revenue	TTM Gross	TTM Margins EBITDA
<b>SOLID WASTE</b>												
Waste Management, Inc.	United States	NYSE:WM	\$35.96	90.6%	\$16,637.6	\$26,529.6	2.0x	8.1x	3.0x	\$13,378.0	36.2%	24.7%
Republic Services, Inc.	United States	NYSE:RSG	31.01	93.7%	11,499.4	18,357.0	2.2x	7.3x	2.8x	8,192.9	40.6%	30.5%
Veolia Environnement S.A.	France	ENXTPA:VIE	14.14	46.9%	7,146.3	30,617.6	0.8x	7.2x	6.6x	38,515.5	17.6%	10.8%
Waste Connections Inc.	United States	NYSE:WCN	33.09	92.0%	4,081.8	5,273.9	3.5x	10.8x	2.5x	1,505.4	43.0%	32.4%
Progressive Waste Solutions Ltd.	Canada	TSX:BIN	22.80	90.7%	2,672.7	4,010.7	2.1x	7.2x	2.4x	1,840.1	40.5%	29.6%
Casella Waste Systems Inc.	United States	NasdaqGS:CWST	6.16	86.2%	166.2	640.8	1.3x	8.9x	5.7x	481.2	30.7%	17.4%
<b>Median</b>			<b>\$26.91</b>	<b>90.6%</b>	<b>\$5,614.0</b>	<b>\$11,815.5</b>	<b>2.1x</b>	<b>7.7x</b>	<b>2.9x</b>	<b>\$5,016.5</b>	<b>38.3%</b>	<b>27.2%</b>
<b>Mean</b>			<b>\$23.86</b>	<b>83.3%</b>	<b>\$7,034.0</b>	<b>\$14,238.3</b>	<b>2.0x</b>	<b>8.3x</b>	<b>3.8x</b>	<b>\$10,652.2</b>	<b>34.8%</b>	<b>24.2%</b>
<b>SPECIAL WASTE</b>												
Stericycle, Inc.	United States	NasdaqGS:SRCL	\$87.91	91.9%	\$7,471.4	\$8,862.2	5.3x	17.4x	2.7x	\$1,676.0	47.8%	30.4%
Veolia Environnement S.A.	France	ENXTPA:VIE	14.14	46.9%	7,146.3	30,617.6	0.8x	7.2x	6.6x	38,515.5	17.6%	10.8%
Clean Harbors, Inc.	United States	NYSE:CLH	65.81	91.9%	3,502.5	3,780.5	1.9x	11.1x	1.6x	1,984.1	30.4%	17.2%
Covanta Holding Corporation	United States	NYSE:CVA	15.81	89.2%	2,127.5	4,081.5	2.5x	9.2x	5.1x	1,665.0	42.6%	26.2%
Newalta Corporation	Canada	TSX:NAL	14.28	91.6%	694.1	1,015.8	1.5x	7.1x	2.3x	671.7	24.2%	20.6%
US Ecology, Inc.	United States	NasdaqGS:ECOL	21.57	95.0%	393.5	429.8	2.8x	8.8x	0.8x	154.9	34.8%	31.6%
EnergySolutions, Inc.	United States	NYSE:ES	4.23	71.2%	377.2	942.2	0.5x	19.4x	<b>21.7x</b>	1,815.5	4.9%	2.1%
Heritage-Crystal Clean, Inc.	United States	NasdaqGM:HCCI	20.25	89.4%	296.1	315.8	2.1x	<b>41.9x</b>	2.9x	152.9	18.9%	4.9%
Perma-Fix Environmental Services Inc.	United States	NasdaqCM:PESI	1.60	84.2%	89.7	98.3	0.8x	5.7x	1.1x	118.6	24.3%	14.6%
<b>Median</b>			<b>\$15.81</b>	<b>89.4%</b>	<b>\$694.1</b>	<b>\$1,015.8</b>	<b>1.9x</b>	<b>9.0x</b>	<b>2.5x</b>	<b>\$1,665.0</b>	<b>24.3%</b>	<b>17.2%</b>
<b>Mean</b>			<b>\$27.29</b>	<b>83.5%</b>	<b>\$2,455.4</b>	<b>\$5,571.5</b>	<b>2.0x</b>	<b>10.7x</b>	<b>2.9x</b>	<b>\$5,194.9</b>	<b>27.3%</b>	<b>17.6%</b>
<b>METALS RECYCLING &amp; E-WASTE</b>												
Sims Metal Management Limited	United States	ASX:SGM	\$15.29	79.3%	\$3,147.8	\$3,458.9	0.4x	8.8x	1.2x	\$9,731.2	13.9%	3.8%
Schnitzer Steel Industries Inc.	United States	NasdaqGS:SCHN	38.92	62.2%	1,061.0	1,449.9	0.4x	6.4x	1.9x	3,761.0	9.7%	5.9%
INTERSEROH SE	Germany	XTRA:ITS	70.65	97.2%	689.2	781.6	0.3x	<b>15.0x</b>	3.5x	2,871.9	10.2%	1.8%
Metalico Inc.	United States	AMEX:MEA	3.59	56.2%	170.7	293.5	0.4x	6.1x	2.7x	660.9	11.5%	7.3%
Industrial Services of America, Inc.	United States	NasdaqCM:IDSA	4.85	37.3%	33.7	60.4	0.2x	<b>NM</b>	<b>483.2x</b>	276.9	3.0%	0.0%
<b>Median</b>			<b>\$15.29</b>	<b>62.2%</b>	<b>\$689.2</b>	<b>\$781.6</b>	<b>0.4x</b>	<b>6.4x</b>	<b>2.7x</b>	<b>\$2,871.9</b>	<b>10.2%</b>	<b>3.8%</b>
<b>Mean</b>			<b>\$26.66</b>	<b>66.4%</b>	<b>\$1,020.5</b>	<b>\$1,208.9</b>	<b>0.3x</b>	<b>7.1x</b>	<b>2.3x</b>	<b>\$3,460.4</b>	<b>9.7%</b>	<b>3.7%</b>
<b>ENVIRONMENTAL CONSULTING, ENGINEERING &amp; CONSTRUCTION</b>												
URS Corporation	United States	NYSE:URS	\$40.35	85.6%	\$3,057.2	\$3,526.9	0.4x	4.7x	1.3x	\$9,545.0	7.8%	6.5%
AECOM Technology Corporation	United States	NYSE:ACM	21.72	75.2%	2,543.9	3,335.7	0.4x	6.5x	2.6x	8,130.4	5.7%	5.8%
Shaw Group Inc.	United States	NYSE:SHAW	29.98	75.1%	1,976.3	2,021.9	0.3x	<b>18.3x</b>	<b>19.3x</b>	5,962.0	4.5%	1.4%
Tetra Tech Inc.	United States	NasdaqGS:TTEK	26.38	97.4%	1,665.6	1,697.4	0.9x	8.3x	0.7x	1,878.8	18.1%	10.9%
Arcadis NV	Netherlands	ENXTAM:ARCAD	22.33	96.3%	1,653.4	2,001.8	0.8x	8.8x	2.5x	2,620.8	20.7%	8.5%
Great Lakes Dredge & Dock Corporation	United States	NasdaqGS:GLDD	7.28	93.1%	430.2	572.3	0.9x	6.9x	3.1x	627.3	14.8%	13.3%
TRC Companies Inc.	United States	NYSE:TRR	6.16	68.4%	171.7	166.6	0.6x	7.7x	0.5x	275.3	18.2%	7.7%
<b>Median</b>			<b>\$22.33</b>	<b>85.6%</b>	<b>\$1,665.6</b>	<b>\$2,001.8</b>	<b>0.6x</b>	<b>7.3x</b>	<b>1.9x</b>	<b>\$2,620.8</b>	<b>14.8%</b>	<b>7.7%</b>
<b>Mean</b>			<b>\$22.03</b>	<b>84.4%</b>	<b>\$1,642.6</b>	<b>\$1,903.2</b>	<b>0.6x</b>	<b>7.1x</b>	<b>1.8x</b>	<b>\$4,148.5</b>	<b>12.8%</b>	<b>7.7%</b>

NOTE: Figures in bold and italic type were excluded from median and mean calculation.

(1) As of 4/20/2012.

(2) Market Capitalization is the aggregate value of a firm's outstanding common stock.

(3) Enterprise Value is the total value of a firm (including all debt and equity).

Source: Capital IQ.

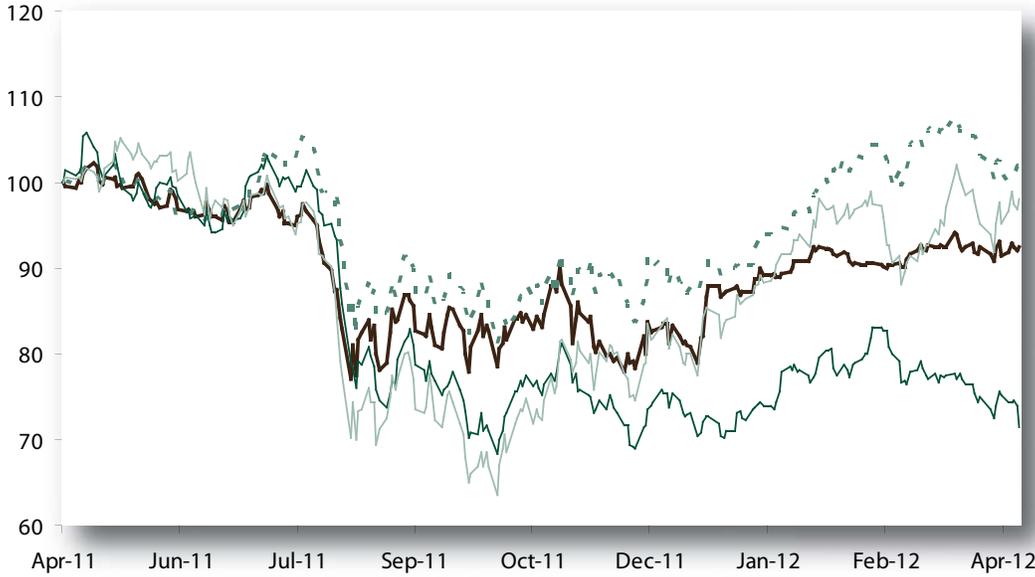




## Industry Valuations

### Index Performance

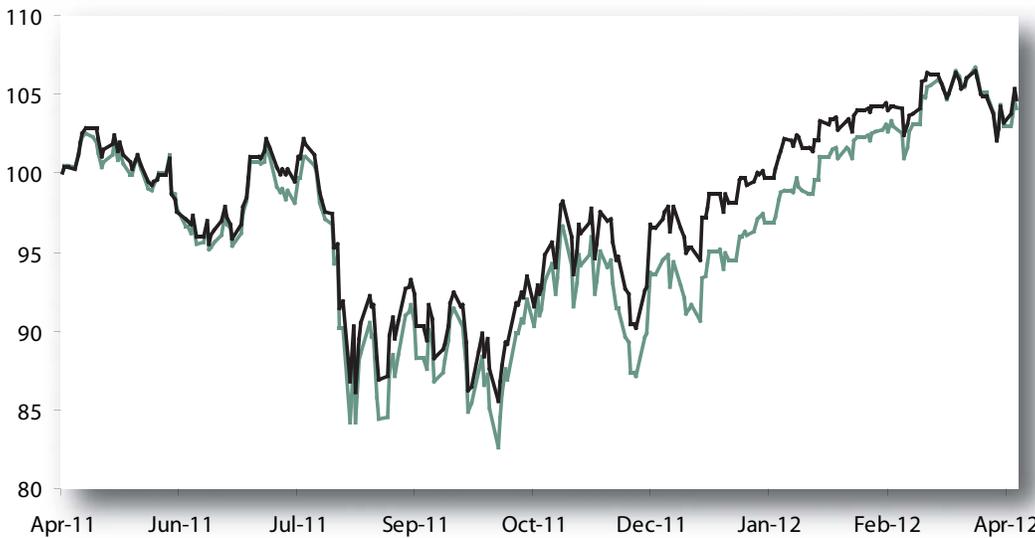
#### Environmental Services



- BGL Solid Waste
- - - BGL Special Waste
- BGL Metals Recycling & E-Waste
- BGL Environmental Consulting, Engineering & Construction

	<b>1 Year</b>
Solid Waste	-7.5%
Special Waste	2.4%
Metals Recycling & E-Waste	-28.6%
Environmental Consulting, Engineering & Construction	-1.8%

#### Market



— S&P 500 — DJIA

	<b>1 Year</b>
S&P 500	3.5%
DJIA	4.1%

Index: April 20, 2011= 100.

Source: S&P Capital IQ.





# Global Environmental Services Practice

- Solid Waste
- Special Waste
- Metals Recycling & E-Waste
- Environmental Consulting, Engineering & Construction
- Cleantech

## Who We Are

### Leading Independent Firm

- *Independent* investment banking advisory firm focused on the middle market
- Senior bankers with significant experience and tenure; partners average over 20 years of experience
- Deep industry experience across core sectors of focus, including: Business and Environmental Services, Industrials, Metals and Metals Processing, Construction and Building Materials, Consumer Products, Healthcare, and Real Estate
- Offices in Cleveland, Chicago, and Salt Lake City

### Comprehensive Capabilities

M&A Advisory	Private Placements	Financial Restructuring
Sell-Side Advisory General Financial & Strategic Advice Acquisitions & Divestitures Public & Private Mergers Special Committee Advice Strategic Partnerships & Joint Ventures Fairness Opinions & Valuations	All Tranches of Debt & Equity Capital for: Growth Acquisitions Recapitalizations Dividends	Balance Sheet Restructurings Sales of Non-Core Assets or Businesses \$363 Auctions

## Representative Transactions

<b>Sell-Side Advisor</b>  Provider of Emergency Response and Waste Remediation Services  BROWN GIBBONS LANG & COMPANY	<b>Sell-Side Advisor</b>  Reclaimer for Ozone-Depleting and Global Warming Gases  BROWN GIBBONS LANG & COMPANY	<b>Capital Raise</b>  Liquid Waste Collection and Recycling Business  BROWN GIBBONS LANG & COMPANY	<b>Sell-Side Advisor</b>  International Environmental Consulting, Engineering and Construction Firm  BROWN GIBBONS LANG & COMPANY	<b>Sell-Side Advisor</b>  Provider of Industrial Cleaning, Oil Processing and Remediation Services  BROWN GIBBONS LANG & COMPANY
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