

NOVEMBER 2020 – ENVIRONMENTAL & WASTE

Executive Summary

The **Domestic Coverage Group** closed this month, up 12.8%. **Environmental Clean Technologies Limited** recorded the largest movement, up 50.0%

Domestic sector average **LTM EV/EBITDA** closed at 23.9x, with the average **NTM EV/EBITDA** projected to be 13.2x

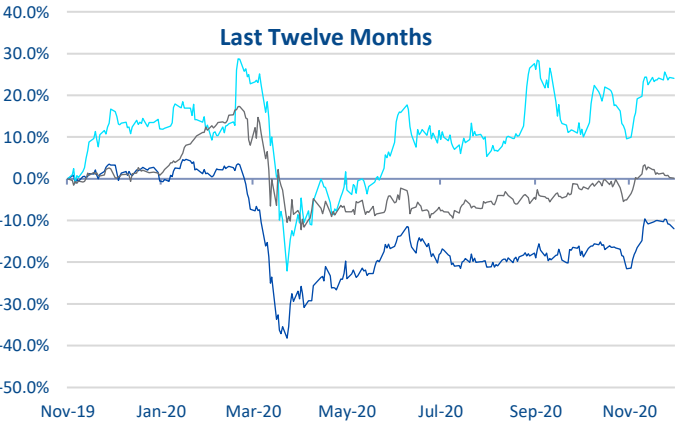
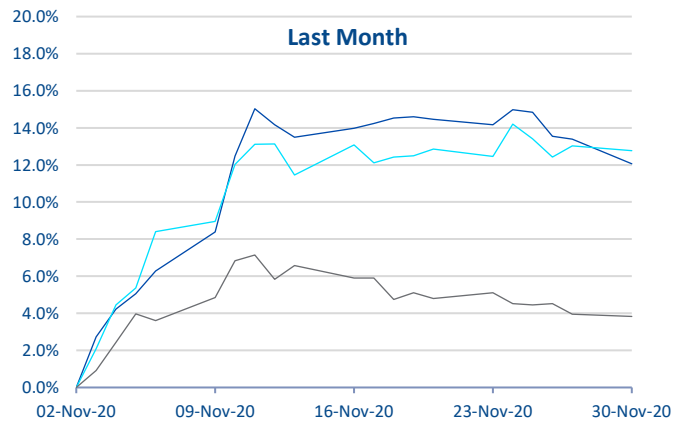
The **International Coverage Group** closed this month, up 3.8%. **Renewi plc** recorded the largest movement, up 55.9%

International sector average **LTM EV/EBITDA** closed at 10.6x, with the average **NTM EV/EBITDA** projected to be 10.5x

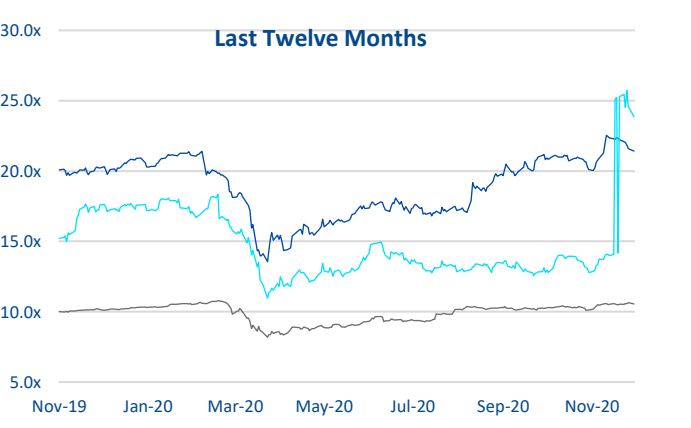
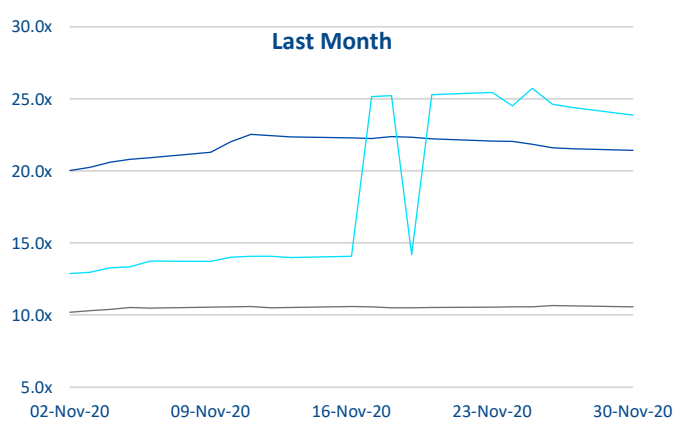
Key Developments

- PreZero International GmbH entered into an exclusivity agreement to acquire the Recycling and Waste Recovery Activities in Sweden of **Suez SA** for SEK 3.7 billion
- Five Capital Fund I, a fund co-managed by both Kingdom Holding Company and Bpifrance Investissement, ITOCHU Corporation and **Suez SA** completed the acquisition of a 65% stake in Environment Development Company
- Seven Seas Water Corporation acquired Sembcorp Investments Limited from Sembcorp Holdings Ltd for SGD 66.4 million

INDEXED SHARE PRICE PERFORMANCE



VALUATION PERSPECTIVES (LTM EV/EBITDA)



EAC Partners has constructed a market capitalisation weighted index for the Domestic and International coverage groups. The charts shown are the indexed share price performance for the constituent companies of the EAC coverage group and the ASX200 Industrials Index.

ASX 200 Industrials Sector Index (Dark Blue), EAC Domestic Coverage Group (Light Blue), EAC International Coverage Group (Brown)

CONSTITUENTS

Domestic											
	ASX Ticker	Closing Price	Monthly Movement	Market Cap (AUD)	EV (AUD)	EV / EBITDA (LTM)	EV / EBITDA (NTM)	P / E (Trailing)	P / E (Forward)	ND / EBITDA (Trailing)	Div Yield (Trailing)
Aeris Environmental Ltd	AEI	0.34	(36.2%) ▼	81.3	68.7	43.6x	NM	37.6x	NM	NM	NM
Bingo Industries Limited	BIN	2.64	7.8% ▲	1,726.8	2,076.3	15.0x	15.2x	26.4x	43.8x	2.5x	1.4%
Cleanaway Waste Management Limited	CWY	2.39	16.6% ▲	4,918.3	5,904.9	13.0x	11.2x	43.5x	30.7x	2.2x	1.8%
Environmental Clean Technologies Limited	ECT	0.00	50.0% ▲	11.8	11.5	NM	NM	NM	NM	NM	NM
Average			12.8%			23.9x	13.2x	35.8x	37.2x	2.3x	1.6%
International											
Séché Environnement SA	NXTPA:SCHP	61.48	7.1% ▲	479.4	1,212.3	6.9x	5.4x	31.3x	17.0x	3.7x	2.5%
Suez SA	ENXTPA:SEV	26.24	0.8% ▲	16,405.0	38,620.0	9.1x	8.0x	NM	30.2x	3.9x	2.8%
Veolia Environnement S.A.	ENXTPA:VIE	31.32	18.3% ▲	17,358.6	38,395.2	7.2x	6.0x	27.3x	16.9x	3.0x	2.6%
Renewi plc	LSE:RWI	0.61	55.9% ▲	488.0	1,589.2	4.5x	6.0x	NM	17.6x	3.9x	NM
Severn Trent Plc	LSE:SVT	43.37	(3.1%) ▼	10,358.7	22,010.4	15.0x	13.3x	50.4x	20.6x	7.1x	4.2%
Stericycle, Inc.	SRCL	95.85	8.3% ▲	8,775.7	11,964.5	14.1x	17.0x	NM	27.8x	4.7x	NM
Clean Harbors, Inc.	NYSE:CLH	98.48	30.8% ▲	5,440.7	7,086.6	7.6x	9.7x	33.8x	36.6x	2.0x	NM
Waste Connections, Inc.	NYSE:WCN	141.50	0.3% ▲	37,188.5	42,803.6	18.8x	17.7x	133.1x	35.9x	2.5x	NM
Waste Management, Inc.	NYSE:WM	162.11	5.7% ▲	68,509.6	81,737.9	14.6x	12.6x	33.6x	26.4x	2.3x	1.8%
Sembcorp Industries Ltd	SGX:U96	1.86	13.0% ▲	3,312.1	14,758.5	12.7x	14.1x	NM	15.8x	6.7x	NM
Cleanaway Company Limited	TSEC:8422	7.76	(0.8%) ▼	845.5	832.5	10.8x	NM	15.0x	14.4x	NM	6.1%
Tervita Corporation	TSX:TEV	2.14	14.3% ▲	241.7	1,107.9	5.7x	5.3x	NM	7.0x	3.7x	NM
Average			3.8%			10.6x	10.5x	46.4x	22.2x	4.0x	3.3%
Coverage Group Average						13.2x	10.9x	43.2x	24.4x	3.7x	2.9%

KEY DEVELOPMENTS

Activity

- PreZero International GmbH entered into an exclusivity agreement to acquire the Recycling and Waste Recovery Activities in Sweden of **Suez SA (ENXTPA:SEV)** for SEK 3.7 billion on September 21, 2020. The transaction consideration includes debt. The assets reported sales of SEK 2.6 billion and EBITDA of approximately SEK 360 million in 2019. The transaction is expected to be completed by end 2020, subject to regulatory approval and customary closing conditions. On October 22, 2020, the European Commission received notification of the transaction. The transaction was approved by the European Commission on November 18, 2020
- Five Capital Fund I, a fund co-managed by both Kingdom Holding Company (SASE:4280) and Bpifrance Investissement, ITOCHU Corporation (TSE:8001) and **Suez SA (ENXTPA:SEV)** completed the acquisition of a 65% stake in Environment Development Company on November 8, 2020. The transaction amount for SUEZ represents SAR 113.4 million enterprise value. As of November 12, 2020 ITOCHU Corporation acquired a 20% stake in Environment Development Co. Ltd.
- Seven Seas Water Corporation acquired Sembcorp Investments Limited from Sembcorp Holdings Ltd for SGD 66.4 million on November 2, 2020. The gross consideration for the sale of equity shares was \$47 million and the consideration for assignment of the shareholder's loan was \$1.8 million

EAC PARTNERS

EAC Partners is an independent corporate advisory firm providing a full suite of mid-market merger, acquisition, divestment, capital structure and corporate finance services to private and public companies, located within Australia and abroad

Transaction Experience



Sibelco: Advised on the divestment of their sand mining operations to Holcim Australia



mpower: Advised on the sale of the Australian and New Zealand products distribution businesses



Zentree: Advised on takeover panel application regarding equity rights issue by ERA, underwritten by Rio Tinto



Safe Direction: Completed a strategic and capital structure review



Batchfire: Advised in relation to a AUD25M equity rights issue



Running Bare: Completed a strategic review



Matt Brown's Greens: Advised on its sale to MorCo Fresh



Yello: Advised in relation to its series A capital raising



ATL: Advised on its USD500M investment grade bond offer
Advised on their finance plan, which included rating advice



Smollen Group: Advised Australia's largest real estate franchise on its AUD70M sale to McGrath Limited



Enviropacific Services: Advised on the divestment of 44% of the shares to Adexum Capital



Holcim: Strategic review of two non-core assets



Moko: Advised in relation to an acquisition and capital raise



Freemantle Media: Advised on the takeover of a listed media business



APSEZ: Advised on acquisition of Abbot Point Bulkcoal from Glencore
Advised on its inaugural USD650M investment grade bond offer



Sibelco: Advised on the acquisition of an industrial minerals producer



Adani: Advised on the AUD1.25B refinance of Adani Abbot Point Terminal

Awards



EAC Partners received the 2018 award for "Best M&A Advisory Firm – Australia"



EAC Partners received the 2018 award for "Most Client-Focused Corporate Advisory Firm – NSW"

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