



BC Partners acquires GFL Environmental
Deal Discussion

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Agenda

BC Partners x GFL Environmental



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Target Overview

Target Overview

GFL Environmental



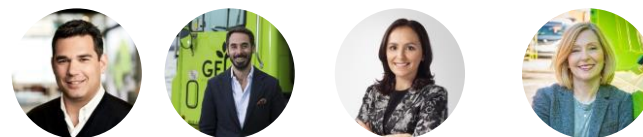
Company Overview

- GFL Environmental (TSE: GFL) is a Toronto based environmental waste management company founded in 2007 by current President and CEO Patrick Dovigi
- The company was formed through a merger of 3 small GTA based waste management firms: Direct Line Environmental, National Waste Services, and Enviro West
- Broadly, GFL offers three primary waste management services of Solid Waste, Liquid & Hazardous Waste, and Infrastructure to both commercial and residential customers. They are the only North American waste management firm to offer all 3 services at scale
- They operate across Canada and in over 25 states in the US. Currently, GFL has over 18,000 employees, owns 9,200 trucks and 450+ post collection facilities which offers service to ~ 4 million households via municipal contracts and more than 135,000 industrial, commercial, and institutional customers
- The firm places a heavy emphasis on the sustainability and environmentally conscious practices offered through their services and in their facilities. The acronym stands for “Green For Life”

Facilities Overview

Facility Type	Count
Transfer Station	160+
Landfill	90+
Material Recovery	35+
Organic	20+
Liquid Waste	140+
Soil Remediation	13

Management Team



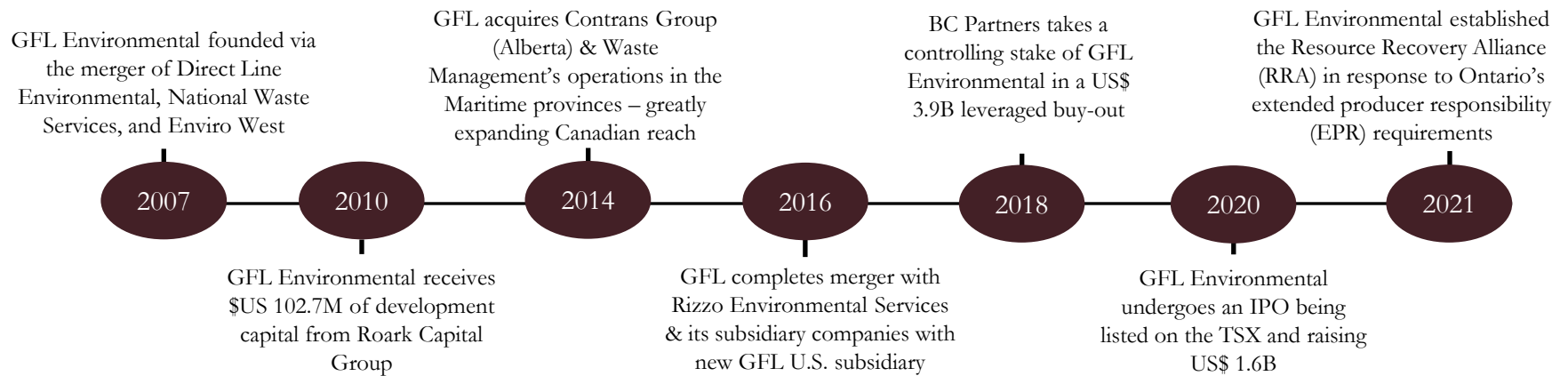
Name	Patrick Dovigi	Luke Pelsoi	Mindy Gilbert	Joy Grahek
Position	Founder & CEO	VP & CFO	VP & CLO	VP, Strategy
Years Exp.	15+	7+	5+	10+
Experience	NHL 2 nd Round Draft Pick	Director at KPMG	Partner at Davies LLP	Environmental Business Lawyer

Target Overview

GFL Environmental



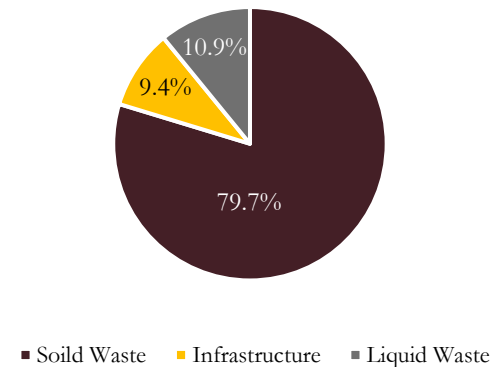
Corporate Timeline



Service Segments

Solid Waste	Liquid & Hazardous Waste	Infrastructure
Waste & Recycling	Vacuum Trucks	Soil Remediation
Organics & Compost	Commercial Hazardous Waste	Excavation
Commercial Dumpsters	Processing & Recovery	Shoring & Foundation
Compactors	Specialised Services & Industrial Cleaning	Demolition

2021 Service Segmented Revenue

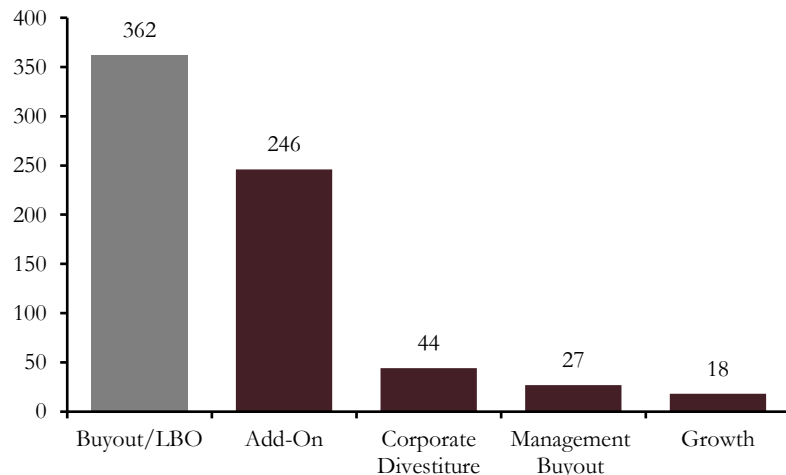


Acquirer Overview

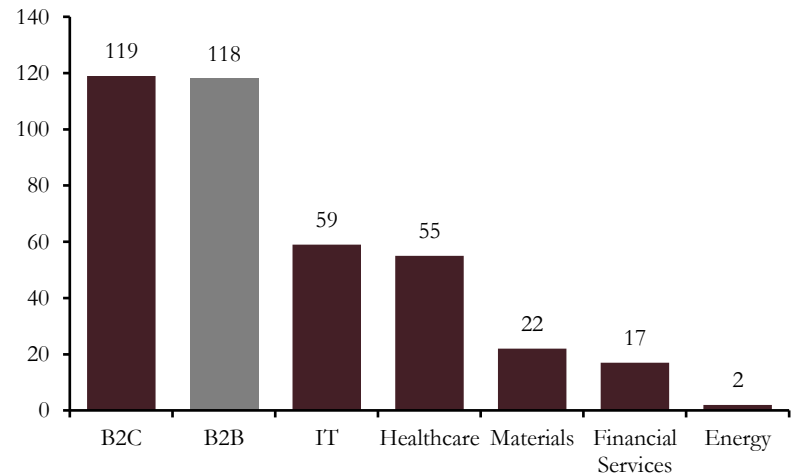
Company Overview

- BC Partners is a London based international investment firm who operates 28 funds across Private Equity, Credit, Real Estate, and Co-Investment with a total AUM of US\$ 40B
- Investment Strategy:
 - Target Control Buyouts – control buyouts of European and North American firms with Enterprise Values (EVs) greater than US\$ 300M
 - Market Leaders – leading companies which exhibit resilient characteristics in defensive & growing markets
 - Defined Business Model - companies with multiple operating levers, growth creation opportunity, strong underlying free cash flow yields and an attractive balance of risk and reward
 - Opportunistic – companies with strong, incentivised management teams that possess attractive exit alternatives
- “Our team focuses on 4 core sectors, in 2 core geographies, and this focus drives deeper relationships with sector participants, which in turn helps us to utilize our deep networks to create proprietary angles on deal opportunities”

Investments by Deal Type



Investments by Industry



Industry Overview

Industry Overview

Environmental and Waste Services

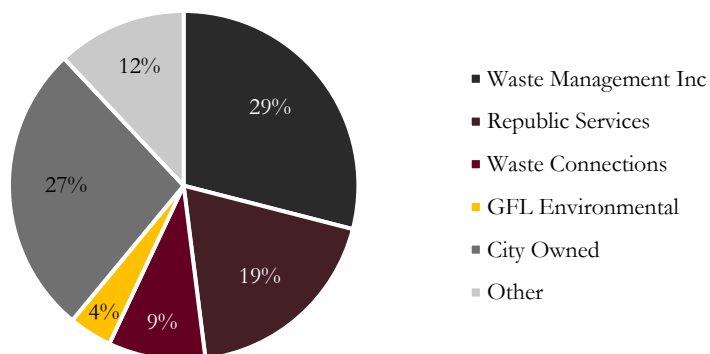


Waste Management Overview

- Valued at US\$ 383.83B in 2020, the global waste management market sees a projected 5% CAGR through 2026
- Rapidly growing populations, economies, and urbanization fuel the industry's growth
- Aside from major players (Waste Management, Republic Services, Waste Connections, and GFL) the industry is highly fragmented across privately owned companies
- Government contracts ensure stable and long-term revenues
- Households are overtaking commercial and industrial waste
- Government support, high barriers to entry, and economies of scale have made the industry historically stable

Landfill Ownership Breakdown (U.S)

Landfill waste volume managed, 2021

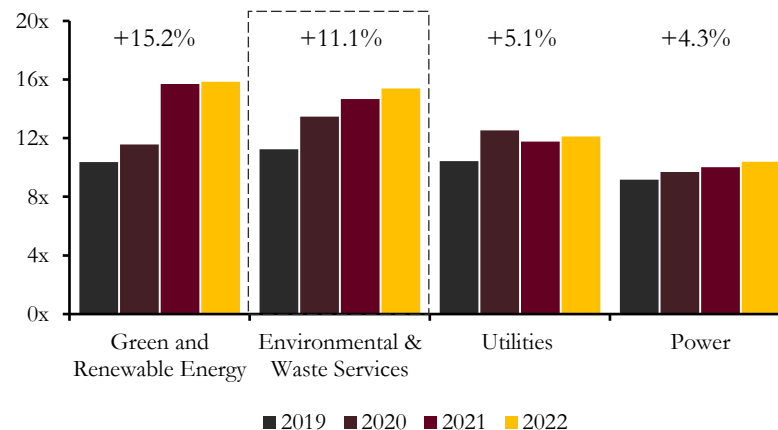


Industry Level Trends

- Increased construction and demolition activities require more solid waste services and collection
- Companies who can vertically integrate emerging as leaders of the new service era
- Rise in recyclable material purchases and resource recovery delivering additional opportunities for market growth
- Focus on sustainability has many environmental and waste servicing companies under careful watch
- Governments have become increasingly willing to sell contracts to private ownership
- R&D support programs and subsidies materializing

Multiple Growth Highlights Subsectors

EV/EBITDA multiples and CAGR



Transaction Overview

Transaction Overview

BC Partners, OTPP and GIC Acquire GFL Environmental



Transaction Overview

- On April 22nd, 2018, BC Partners, Ontario Teachers' Pension Plan, and GIC Private Limited agreed to acquire Green For Life Environmental for an enterprise value of approximately US\$ 3.9B, implying a 12.5x EV/EBITDA multiple
- The deal was BC Partners' and Ontario Teachers' Pension Plan's 1st transaction in the environmental sector
- The deal was also BC Partners' 1st transaction in Canada
- GFL Founder and CEO Patrick Dovigi, maintained his role and ownership of the company; all equity will be transferred from previous private equity investors to BC Partners, OTPP and GIC

Key Investment Highlights

- 1 **Attractive Market:** High barriers to entry from scale
- 2 **Diversified Business Model:** Geographic & product
- 3 **Consolidation Opportunity:** Tuck-in acquisitions
- 4 **Value creation:** Pricing, procurement & optimization
- 5 **Proven Management Team:** Deep industry experience
- 6 **Exit Opportunities:** IPO, financial or strategic buyers

Transaction Map



Transaction Overview

Sources of Cash and GFL Environmental Acquisitions

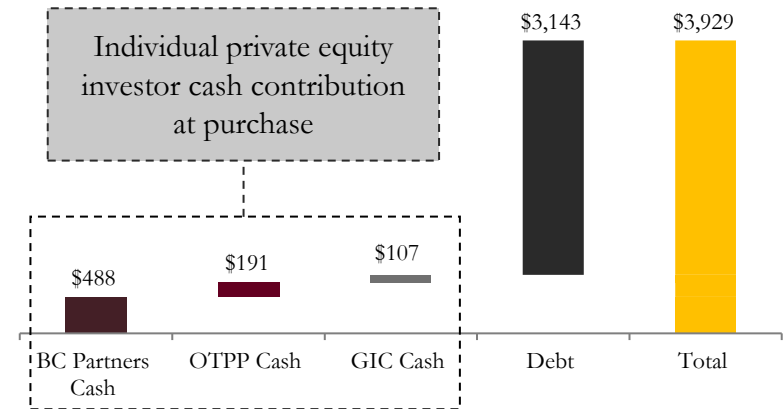


Transaction within a Transaction: GFL acquires WI

- On October 10th, 2018, GFL Environmental announced a merger with Waste Industries, a leading environmental services company in North America, for US\$ 2.8B
- The acquisition more than doubled GFL's footprint in the United States by increasing coverage to 20 different States
- The combined venture made GFL the largest privately owned environmental services company in North America, with 59 transfer stations, 29 material recovery facilities, 10 organic facilities, 47 landfills and 8,850+ employees
- The merger was financed through additional equity investment from BC Partners and OTPP, with Barclays, BMO and RBC acting as financial advisors

Sources of Cash^{1,2}

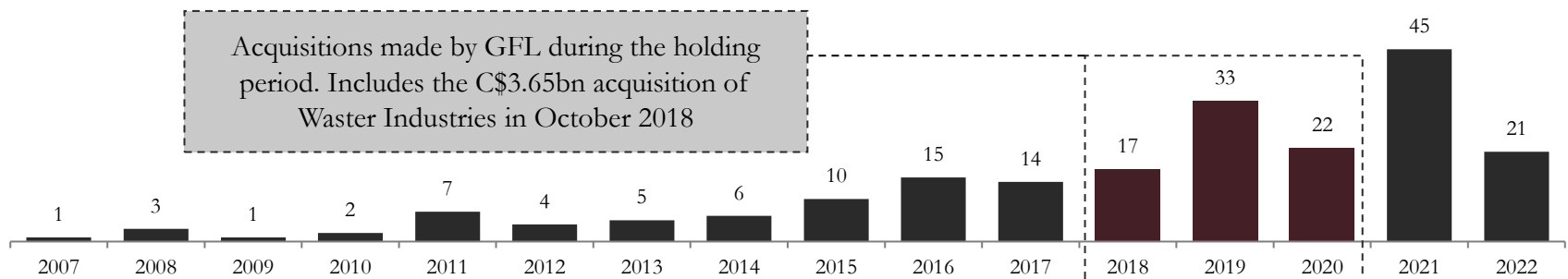
In US\$ M



Uses of Cash

- Over C\$8bn strategically invested in 200+ acquisitions with an average adjusted EBITDA multiple of 7.0x
- GFL relationship-based approach allows a strong track record of delivery and a high certainty of closing
- GFL also took on an additional UD\$460 M in debt in 2019 to help fuel additional tuck-in acquisitions

GFL Acquisitions / Year



Sources: Company Presentation, Waste360, SEC filings, BC Partners, OTPP, Pitchbook

1. For illustrative purposes only

2. Exact contribution amounts not disclosed; data labels show estimates assuming 80% debt is used and cash contribution match % of shares outstanding at exit

Strategic Rationale

Strategic Rationale

Investment Philosophy Alignment Across an Attractive Industry

Industry Level Stability

- Industry wide cash flow stability pairs well with predictable returns sought after by private equity firms
- GFL was doing everything to leverage benefits of the industry
 - Achieved scale and vertical integration through fixed asset development
 - Priority for contract sourcing ensures GFL was capturing sticky demand
 - Growing population in key operating locations gave positive outlook for service demand
- In the late 2010's GFL had overcome the high barriers to entry associated with waste services

North America's Focus on Net Zero

- Original 2016 Paris Agreement drove the first wave of transformational trends in sustainability
- Practices like recycling, carbon sequestration, and environmental consulting contributed to industry expansion
- Canadian waste disposal was high and rising, reaching 25.7m metric tons by 2018
- Government programs such as the Green Municipal Fund and Sustainable Development Technology Canada were growing priorities and continued to financially support waste services
- GFL's integration of decarbonizing programs and clean ESG record boded well for investment

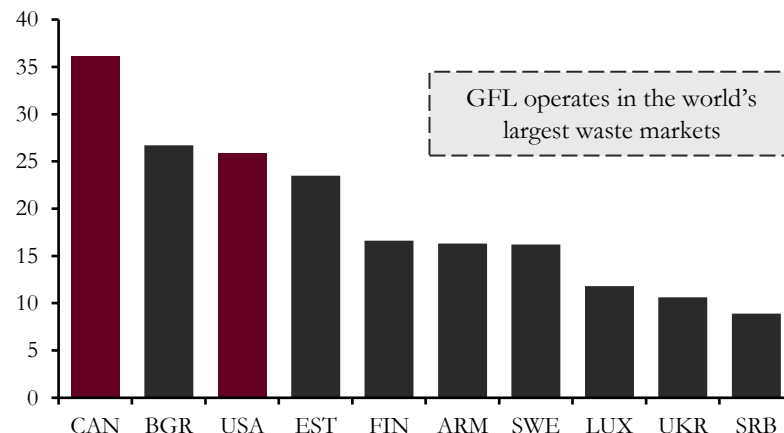
"Ticking the Boxes"

Philosophy	GFL Profile
Business size (>US\$ 300M)	✓
Focus and ownership control	✓
Market resiliency	✓
Multiple balanced operating levers	✓
Strong incentivised management	✓
Downside protected cash flows	✓



Largest Waste Producing Countries Worldwide

Metric tons per capita, 2019



Strategic Rationale

Aggressive Market Consolidation and Revenue Diversification



Transaction Realized Scale

- Recognized scale advantages paying off in Canadian cities
- Vertically integrated infrastructure allowed GFL to own the value chain from pick-up to landfill
- Leading to investment, GFL took on an aggressive consolidation strategy that saw 200+ acquisitions (since 2007) across both North America
- Recent Waste Industries acquisition has made GFL North America's 4th largest environmental solutions business
- Municipal level operations aligned with the opportunity to consolidate a fragmented US market
- Strategy ensured that growth wasn't spreading thin

Dually Sustainable Revenue Streams

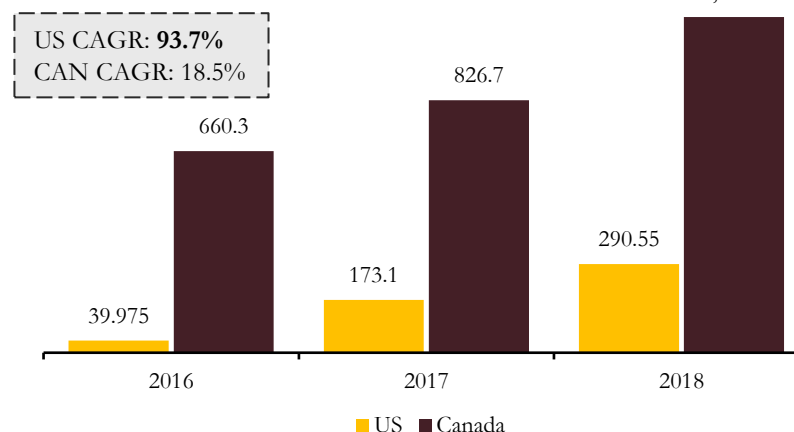
- Operations across recycling and solid, liquid, and hazardous ensure multi-stream revenue stability
- Growing infrastructure, cleaning, transportation, and equipment presence make GFL a full servicing business
- Access to over 4 million homes under city contracting and >135,000 commercial/industrial contracts
- Contracting and infrastructure control locked in longer term revenue streams that have come to define the market
- 7.9b tonnes of CO2 sequestered with 3.2x more GHG avoidance than emittance
- Green practices protected against rising carbon taxes

Select Diversified Acquisitions (2016-2018)

Target	Primary practice	Year
Envirotec Services Inc.	Hazardous waste	2016
MCL Waste Systems	Commercial waste	2016
Envirocan Services Ltd.	Food waste	2017
GLR Advanced Recycling	Paper recycling	2017
Accuworx Inc.	Oil and gas waste	2018
Carney's Waste Systems Ltd.	Waste and recycling	2018
Deep Foundations Contractors	Construction	2018
Smithrite Disposal Ltd.	Waste and recycling	2018

Rapid US Market Entry Pre-Investment¹

Segmented revenues, \$US M



Source(s): Capital IQ, GFL Company Website

(1) 2018 figures include revenues post acquisition (May - December)

Market Reaction

Market Reaction

An Increasingly Competitive Industry

Further Industry Consolidation

- The merger offered GFL a larger footprint and more advanced resource capabilities in order to scale their M&A over a wider breath of geographies and backgrounds
- GFL has increased their pace of acquisitions, and it has completed 121 acquisitions since the 2018 merger, compared to a total of 200 in the 14 years before
- While M&A has always been a core growth strategy in the industry, GFLs steepened pace has urged competitors to increase their acquisition pace and spending
- For example, in 2022, Republic Services spent US\$ 2.516B on M&A and Waste Connections spent US\$ 546.98M on M&A

Rise in Private Investment

- Prior to the GFL deal, there was minimal private equity investment or backing in the waste management industry
- However, due to the upsurge in deal volume/density, rise of ESG agenda, and performance of major players like GFL, there has been a large upsurge in private equity involvement
- We are seeing a lot more small-scale private equity deals in the space like Carr's Hill Partners acquisition of Arrow Space, metro Atlanta's primary hauler
- Additionally, there are many more private equity backed acquisitions in the space as well such as LJP Waste Solutions acquisition of Buckingham Trucking
- M&A is getting more competitive in the space and purchase prices are increasing for well-known mid market players

Notable Deals

Acquirer	Target	Date
		October 30, 2020
		September 1, 2022
		February 9, 2022

Canceled IPO

- GFL first announced its IPO on Oct 23, 2019, and it was hoping to price their shares somewhere between US\$20-\$24
- The IPO was highly anticipated, as it would mark the largest for a Canadian company since Manulife Financial's 1999 IPO
- At the time, the company was only receiving support for shares priced at US\$18 due to the fact investors were hesitant about GFL's debt and growth prospects
- CEO, Patrick Dovigi made the decision to revisit at a later date when it could be priced at a fair value
- As GFL grew their presence further in the next year and reduced their leverage, investor confidence was raised, and a higher target price was reached at US\$19

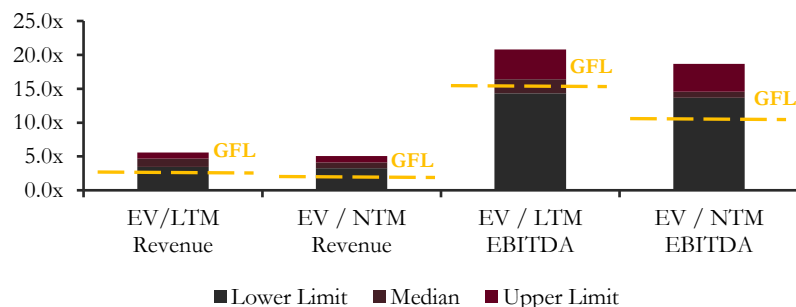
Exit & Forward Thoughts

IPO Overview

- After getting close to launching two times prior, GFL announced the final pricing of its IPO at US\$19 per share on March 3, 2020
- This pricing was \$1-\$2 below their target book price, but the lower price range was a sign of good faith to investors
- This paid off – in the week following, GFL raised a total of US\$ 2.2B, making it the 3rd largest IPO to ever launch in Canada
- GFL has used the proceeds to fully pay down the majority of its outstanding debt notes in the amount of US\$ 1.2B
- The remaining of GFLs proceeds have been used to fuel its aggressive acquisition strategy or reserved for remaining debt

Trading at Lower Multiples than Peer

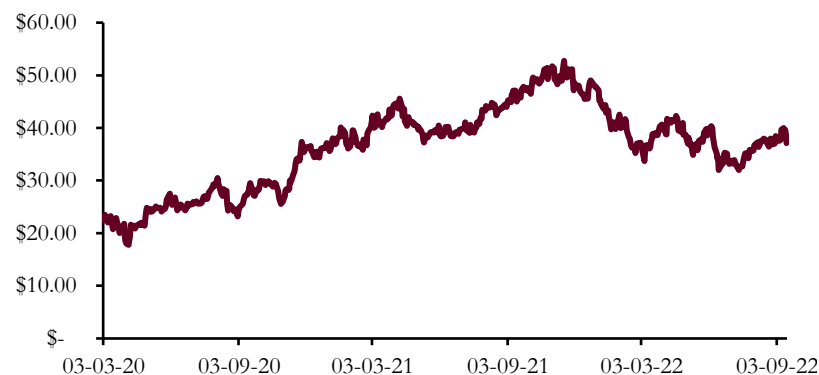
Comparable Companies Multiples



- Comparable Companies Set: Casella Waste Systems, Stericycle, Waste Management, Waste Connections, & Republic Services

Trending Share Price Since IPO

TSX:GFL - Share Pricing



Post-IPO Operational Performance

At IPO	May 2022	
5,300+ Trucks	9,200+ Trucks	↑
210+ Post Collection Facilities	450+ Post Collection Facilities	↑
\$3,347M Revenue	\$6,050M Revenue	↑
\$826M Adjusted EBITDA	\$1,700M Adjusted EBITDA	↑
24.7% Adjusted EBITDA Margin	28.0% Adjusted EBITDA Margin	↑
35.4% CAGR of Adjusted Free Cash Flow		

Forward Thoughts

GFL: A Leader in The Waste Management Space



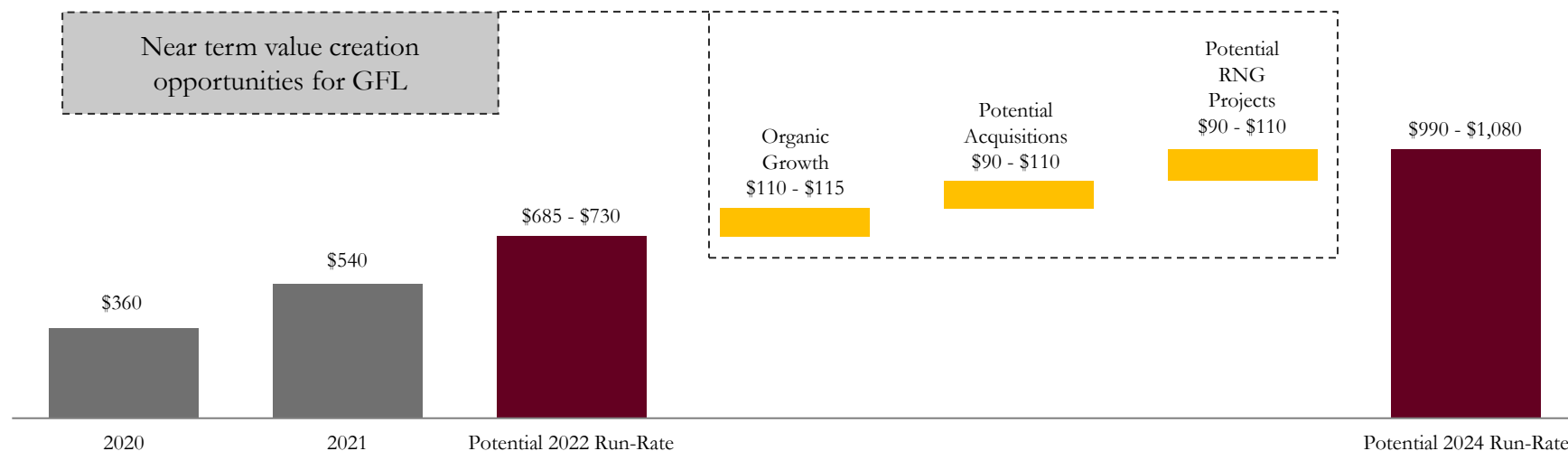
Growth Opportunities

- 1. Organic Growth:** GFL plans to fuel organic growth by driving volume to its underutilized asset base, optimizing base business pricing, and retaining a market lead in sustainability.
- 2. Potential Acquisitions:** GFL has completed 66 acquisitions in the last two years which has enabled it to grow its footprint and revenue. GFL plans to continue on this path and reinvest all excess cash flow in M&A to densify its existing platform.
- 3. Potential Renewable Natural Gas (RNG) Projects:** There are four projects currently under development which are primarily focused on converting methane into RNG that can be used in commercial/industrial applications. Eight others are in negotiations and six are under evaluation.

Organic Delevering

- In 2019, GFL was operating at a 7.68x debt multiple which has now been reduced to 4.5x in 2022
- Going forward GFL has planned a tempered delivering in order to maintain a healthy net leverage ratio, while still reserving the flexibility to pursue its M&A strategy
- It is forecasted that by 2025, as GFL balances FCF distribution between value creation opportunities, it will be operating at a debt ratio of 2.9x – 3.2x
- Additionally, GFL has an opportunity to refinance its debt that is maturing in 2025 to reduce the cost of debt and provide more flexibility to sustain high growth going forward

GFL On Track to Generate \$1.0bn of Free Cash Flow in the Near Term



Sources: Company Presentations



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