

Growth Platform

Waste Industries

Vertically integrated non-hazardous solid waste management company that provides collection, transfer, disposal, and recycling services to commercial, industrial and residential customers primarily in the Southeast U.S.

INVESTMENT SUMMARY

In September 2017, EGI partnered with HPS Investment Partners, the Poole family and WI management in a buyout of WI. EGI made a substantial minority investment and led a capital raise for this transaction. The founding family and management retained a significant minority position. In November 2018, WI merged with GFL Environmental Inc. (GFL) in a transaction that valued WI at \$2.8 billion. The merger provided an exit for EGI and our partners, and created the largest private environmental services company in North America.

INVESTMENT HIGHLIGHTS

RECURRING REVENUE & RESILIENT IN DOWNTURNS

The average contract length for WI's customers was ~5 years with low customer churn of under 7% each year. WI provides an essential service less sensitive to the economic environment. The industry decreased less than 10% during the Global Financial Crisis, and WI outperformed the broader industry.

FAVORABLE DEMOGRAPHIC TRENDS

WI's operations are focused on the Southeast U.S., which is experiencing attractive economic and population growth. The region also offers a more attractive regulatory environment for landfills.

INDUSTRY-LEADING MARGINS

WI has highly attractive EBITDA margins due to a focus on hauling profitability.

YOUNG FLEET

At the time of our investment, average fleet age was 5.9 years, which is a full a full year less than public competitors.

STRONG OPERATOR AND HISTORY OF EXCELLENT SERVICE

WI has a long history of providing excellent service to its local communities, and management has a track record of operational excellence to not only operate their core business but also source and integrate acquisitions.

M&A PLATFORM

The U.S. waste industry is highly fragmented, and WI was historically focused on pursuing accretive, tuck-in acquisitions in addition to regional companies. Prior to EGI's ownership, WI had completed more than 130 acquisitions since 2008. During EGI's ownership, WI made nine acquisitions — the largest of which was Alpine Waste, a vertically integrated waste services business based in Denver, CO.

ATTRACTIVE CAPITAL STRUCTURE

Flexible capital structure with no financial maintenance covenants and attractive cost of debt mitigates the risk of capital impairment.

