

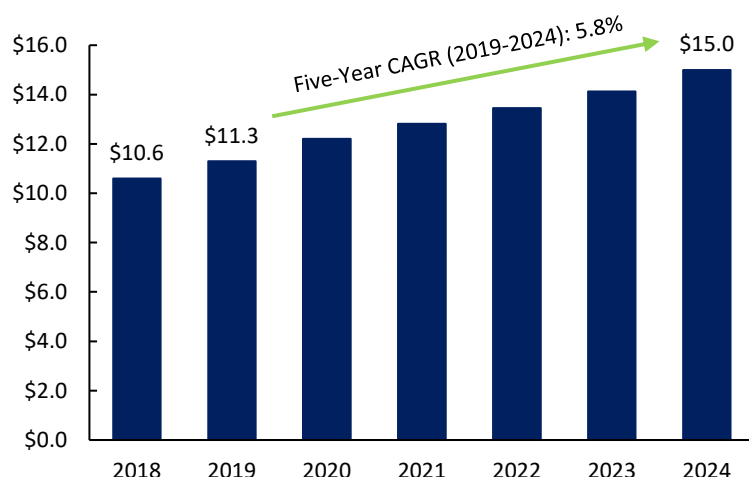
Quazar Report – Water/Wastewater Treatment

Q2 2020

Estimated Read Time: 5 minutes

“Increasing global water stress coupled with industrial wastewater disposal in aquatic ecosystems has led to a boost in the water reclamation requirements.¹” Water and Wastewater treatment refers to the processes used to remove contaminants from water and sewage, allowing it to be returned to the water cycle or directly reused, known as water reclamation. The Global Industrial Wastewater Treatment Market was valued at \$10.6 billion in 2018, and is expected to grow at a five-year CAGR of 5.8% from 2019 to 2024, reaching a market size of \$15.0 billion in 2024.²

Global Industrial Wastewater Treatment² (\$Bn)



One of the catalysts for advancements in this industry has been due to a significant push for water treatment that achieves zero liquid discharge (ZLD). The ZLD target set by industry players refers to water treatment processes where all of the water is recovered, and all of the contaminants are concentrated into a solid waste. The benefit of this process lowers the costs associated with waste management, reduces shipping costs for waste water disposal, improves the environmental performance, and even allows for the recovery of some valuable resources like salt. The need for key equipment used in water treatment processes, such as membrane separation, disinfection, filtration, and sludge dewatering, will also grow as a result.

There will be a need for necessary capital investment in emerging markets, as more and more people need access to clean water. Advancements in Industrial Wastewater Treatment will be a catalyst for businesses to invest in these processes, as it will lower operating costs and have an added benefit to the environment.

Sources:

1. “Global water and wastewater treatment market: A Billion Dollar Business” Global Recycling, September 2019, <https://global-recycling.info/archives/3127>.
2. “Industrial Wastewater Treatment Market by Type, End-use Industry, and Region” Markets and Markets Research, May 2019, www.marketsandmarkets.com/Market-Reports/industrial-wastewater-treatment-market-57745160.html.
3. “The Largest Advanced Wastewater Treatment Plant in the World” DC Water, <https://www.dewater.com/blue-plains>
4. “U.S. Wastewater Treatment” Center for Sustainable Systems, University of Michigan, August 2019, http://css.umich.edu/sites/default/files/Wastewater%20Treatment_CSS04-14_e2019.pdf

Key Trends/Industry Highlights

- The largest Advanced Wastewater Treatment Facility of its kind is located in Washington, DC. The plant discharges effluent to the Potomac River at an average rate of nearly 384 million gallons per day, with the ability to treat over one billion gallons a day at peak flow.
 - A thermal hydrolysis process used in the plants digesters generates approximately 10 MW of electricity, reducing the plant’s electricity consumption by 1/3.³
- Municipalities across the United States are contracting or outsourcing their water and sewer treatment plants to private companies in an effort to operate them more effectively.
- Although the 50-year life expectancy of a sewer system is longer than treatment equipment (15 to 20 years), renovation needs of a sewer system can be more costly. In the United States, if there is no renewal or replacement of 600,000 miles of existing sewer systems, the amount of deteriorated pipe will increase to 44% of the total network by the end of 2020.⁴

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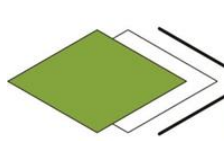
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Selected Transaction: Quazar Business Brokerage Advised In Control, Inc. in its Sale



Quazar Business Brokerage is pleased to announce that In Control, Inc. ("In Control") has been acquired by Wirth Capital. Quazar Business Brokerage ("Quazar") advised In Control in the transaction.

The Shareholders of In Control made the decision to transition the business to new ownership in order to retire and to find a partner who would continue to grow the business. They chose Quazar as their M&A Adviser primarily due to Quazar's unique process, extensive network, and reputation for successfully working with privately held businesses in the brokerage marketplace.

Quazar was able to generate interest from a multitude of buyers, such as private equity, strategic, and financial buyers. The Shareholders ultimately decided that Wirth

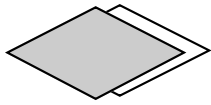
Capital was the best partner to maintain the Company's culture and values and to implement a vision for growth.

"Quazar generated significant interest in our company. We are grateful to have had numerous options for buyers and are thrilled to have found Wirth Capital as a partner. We have confidence that new ownership will serve our employees and customers well, and we are excited to see them grow the business." – Kay Klemetsen, former President of In Control

In Control, Inc. (in-ctrl.com) integrates and implements industrial control systems, communications, and data management for industrial and utility clients across the northern Midwest. The Company is based out of Blaine, MN.

Quazar Business Brokerage (quazarbusinessbrokerage.com) is a Minnesota based Business Brokerage Firm specializing in providing professional brokerage services to clients with a value of \$1,000,000 to \$10,000,000.

Professional Business Brokers



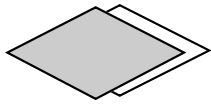
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Selected Transactions: Recent Industry M&A Activity

<u>All Transactions Announced Date</u>	<u>Target/Issuer</u>	<u>Total Transaction Value (\$USDmm, Historical Rate)</u>	<u>Buyers/Investors</u>
04/29/2020	Riley Wastewater Systems	\$1.6	Indiana American Water Company, Inc.
08/05/2019	The city water treatment plant and distribution system	\$7.5	Essential Utilities, Inc. (NYSE:WTRG)
08/02/2019	Campbell Water System	\$7.5	Aqua Ohio, Inc.
05/03/2019	ASI Water	\$4.5	Clearford Water Systems Inc. (TSXV:CLI)
02/08/2019	U.S. Water Services, Inc.	\$270.0	Kurita Water Industries Ltd. (TSE:6370)
12/21/2018	Wastewater Systems in Central Indiana	\$10.8	Indiana American Water Company, Inc.
11/01/2018	Water Care Business of Lonza Group	\$630.0	Platinum Equity, LLC
10/16/2018	Wastewater System of Village of Godfrey	\$13.6	Illinois American Water Company
10/09/2018	Antero Midstream Partners LP	\$7,359.7	Antero Midstream Corporation (NYSE:AM)
10/03/2018	Quail Run Services, LLC	\$40.0	NRC Group Holdings Corp.
09/03/2018	TWH Water Treatment Industries, Inc.	\$165.0	DuBois Chemicals, Inc.
08/07/2018	Water Solutions facilities and related assets	\$125.9	NGL Energy Partners LP (NYSE:NGL)
03/28/2018	Wastewater System of Village of Fisher	\$6.8	Illinois American Water Company

Source: Capital IQ



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Selected Transactions: Recent Industry M&A Activity (without disclosed value)

<u>All Transactions Announced</u>		
<u>Date</u>	<u>Target/Issuer</u>	<u>Buyers/Investors</u>
04/01/2020	New Water Systems, LLC	Jack Tyler Engineering Incorporated
03/30/2020	Seven Seas Water Corporation	Morgan Stanley Infrastructure Inc.
02/21/2020	Affiliated Wastewater Environmental Services, Inc.	Valicor Environmental Services, LLC
02/06/2020	Skelly and Loy, Inc.	Terracon Consultants, Inc.
11/27/2019	Kanso, Inc.	Natural Systems Utilities, LLC
11/13/2019	Horizon Services, LLC.	-
09/17/2019	Strength Environmental, LLC	Valicor Environmental Services, LLC
09/05/2019	Emerging Compounds Treatment Technologies, Inc.	Montrose Environmental Group, Inc.
07/15/2019	Rivergreen Water Recycling, LLC	Valicor Environmental Services, LLC
07/10/2019	Hiwassee River Watershed Coalition, Inc.	MountainTrue
06/04/2019	WaterRock Environmental, Inc.	Broadbent & Associates, Inc.
02/04/2019	MIOX Corporation	Industrie De Nora S.p.A.
01/22/2019	ATC Group Services LLC	Atlas Technical Consultants, Inc. (NasdaqGM:ATCX)
12/17/2018	O'Brien & Gere Limited	Ramboll Group A/S

Source: Capital IQ