

# 10<sup>th</sup> Annual Undergraduate Stock Pitch Challenge



Cornell  
SC Johnson College of Business  
Parker Center for Investment Research

Virtual  
September 9-11, 2020

**STOCK: CASELLA WASTE SYSTEMS (CWST)**

CURRENT SHARE PRICE: \$55.92

RECOMMENDATION: BUY

SCHOOL: GEORGIA INSTITUTE OF TECHNOLOGY

TEAM #: 8

ALEX BUHL

AKASH PRASAD

ALAN YADAV



DODGE & COX®



NEUBERGER BERMAN



# 10<sup>th</sup> Annual Undergraduate Stock Pitch Challenge



## Thesis: Buy Recommendation with \$60.03 Price Target

*We recommend a buy on CWST because of 3 thesis points*

1. Simplified and Concentrated Business Model Allows for Growth
2. Opportunistic Competitive Position
  - Core consumers in secondary and tertiary collection markets
  - Relationships with agencies and municipal governments for permits
3. Success of Internal and External Investments to Fuel Growth
  - Back-office investments promote margin expansion
  - Strategic acquisitions of assets
  - Strategic Commitment to sustainable development



DODGE & COX®



NEUBERGER BERMAN

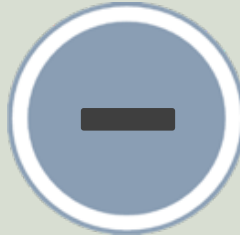


# 10<sup>th</sup> Annual Undergraduate Stock Pitch Challenge



## Bear (10%)

- COVID concerns dampen market performance
- Industrial production remains minimal
- 2+ year recovery on COVID



## Base (50%)

- Economies slowly re-open
- Industrial production slowly resumes
- 1-1.5 year recovery on COVID



## Bull (40%)

- Economy re-opens
- Industrial production resumes quickly
- 6 month recovery on COVID

# 10<sup>th</sup> Annual Undergraduate Stock Pitch Challenge



## Company Overview

### Summary

<b>Headquarters</b>	Rutland, VT
<b>Founding</b>	1975
<b>IPO Date</b>	October 29th, 1997
<b>Employees</b>	2300 CEO: John W. Casella
<b>Business Description</b>	Vertically-integrated solid waste service company that offers collection, disposal, recycling, and special waste disposal services to residential, commercial, municipal, and industrial customers
<b>Full GICS Sector Breakdown</b>	Industrials – Environmental and Facilities Services
<b>Segment Revenue Breakdown</b>	<p>Other 18% FCR 6% Recycling 6% Eastern Region 30% Western Region 46%</p>

### Last Earning Call Summary

- Despite COVID concerns, the acquisition pipeline still looks strong, and NE US saw great recovery rates
- Aggregate waste volume saw decreases, but EBITDA margins increased through flexed variable costs



# 10<sup>th</sup> Annual Undergraduate Stock Pitch Challenge



## Macroeconomic Environment & COVID-19

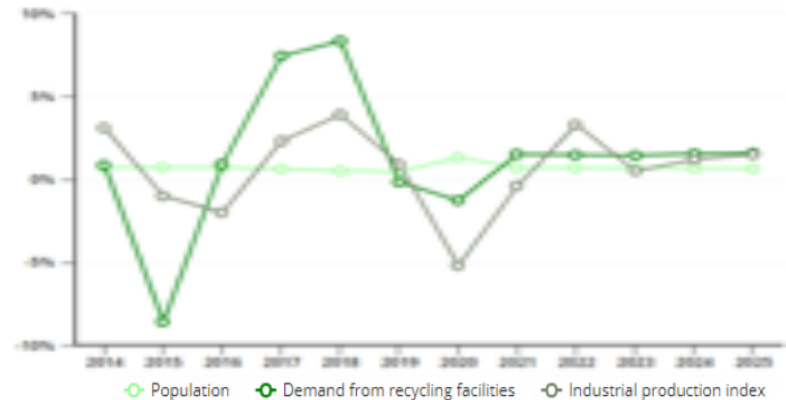
### COVID-19 Effects: Waste Management

- Waste management classified as a Critical Infrastructure Industry<sup>1</sup>
- Recycling of plastic and other products has **slowed** substantially<sup>3</sup>
- Disposals at landfills have increased driven from **increased SUP usage from PPE and packaging materials**<sup>3</sup>
- Municipalities are facing liquidity issues<sup>3</sup>
- Waste generation volume is shifting from **commercial to residential areas**<sup>4</sup>
- Population shifting from **urban to more suburban areas**<sup>5</sup>

### COVID-19 Effects: Casella

- **Increasing** landfill price growth<sup>1</sup>
- **Q2** had **lower** commercial waste generation, but **demand increased** as local economies reopened June 30, 2020
- **Increased SG&A costs** associated with additional safety equipment **costs offset by operational efficiencies** driven by internal technology investment<sup>2</sup>
- Balance sheet allows for short-term liquidity needs to be met (**Moody's Baa upgrade**)<sup>1</sup>

### Key Industry External Drivers<sup>5</sup>



### Casella Landfill Price Growth<sup>1</sup>



Sources: (1) CSWT Investor Presentation (2) CSWT 10-q (3) IRC (4) Waste360 (5) IBIS World

DODGE & COX®

CAPITAL GROUP®

Fidelity INVESTMENTS

NEUBERGER BERMAN

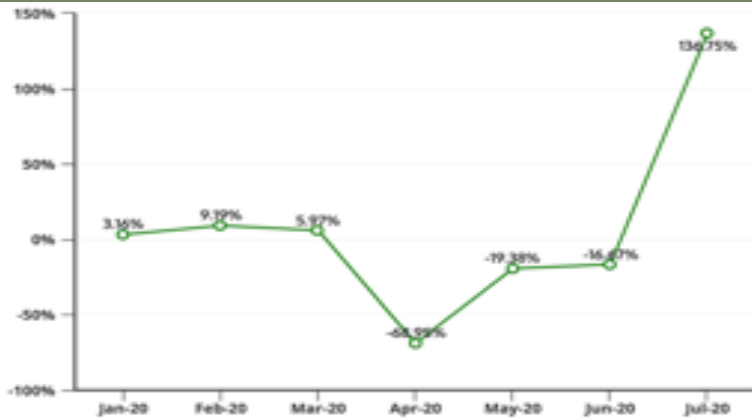
Invest With Confidence T.RowePrice

# 10<sup>th</sup> Annual Undergraduate Stock Pitch Challenge

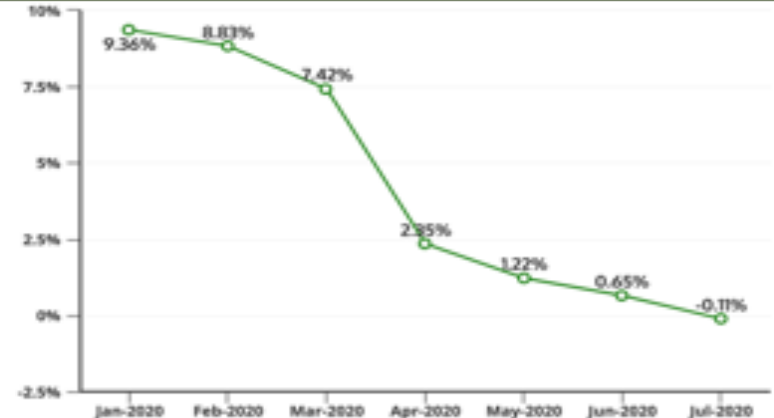


## Macroeconomic Environment & COVID-19

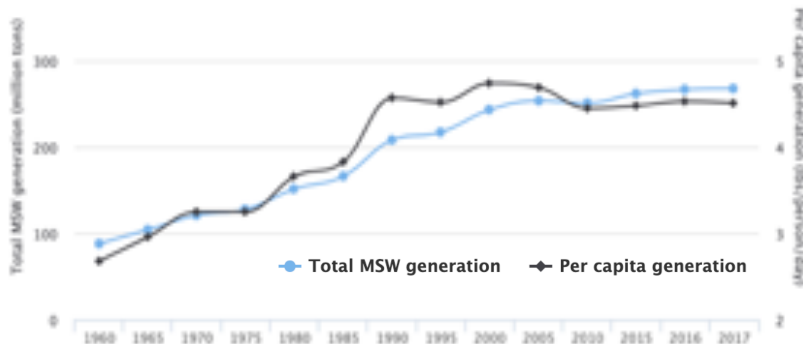
New York Net Tax Collection YoY Growth<sup>2</sup>



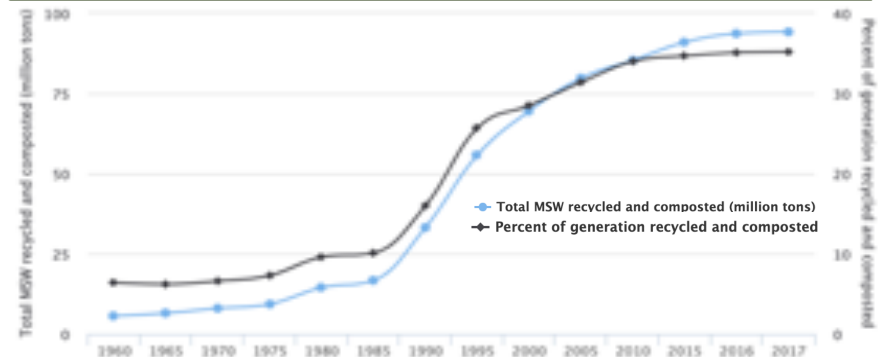
Total US Construction Spending Growth<sup>1</sup>



Municipal Solid Waste Generation Trends<sup>3</sup>



MSW Recycling & Composting Rate Trends<sup>3</sup>



Sources: (1) US Census Bureau (2) NY Monthly Tax Collections (3) EPA

# 10<sup>th</sup> Annual Undergraduate Stock Pitch Challenge

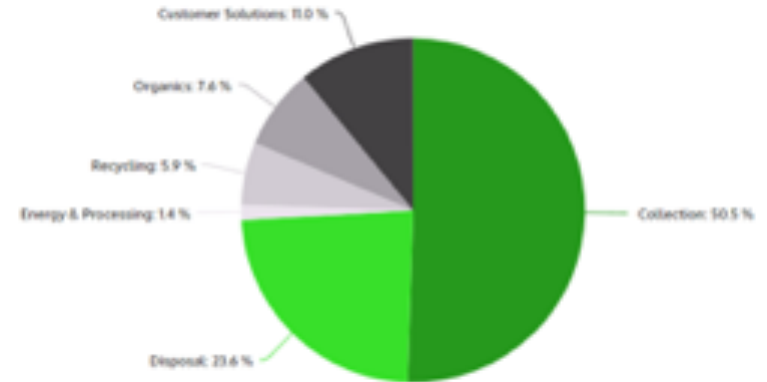


## Casella Operational & Geographic Competency

### Operational Segments<sup>2</sup>

<b>Solid Waste</b> (~76% total revenue)	<ul style="list-style-type: none"> <li>Vertically integrated collections, transfer stations, and disposal sites create a <b>pricing advantage</b> for <b>long-lasting contracts</b> with municipalities and communities</li> <li><b>Strong acquisition history</b> and future pipeline allow for expansion of geographical coverage</li> </ul>
<b>Resource Solutions</b> (~24% total revenue)	<ul style="list-style-type: none"> <li><b>Operational efficiencies</b> allow Casella to leverage core competencies to build alternative revenue streams</li> <li>SRA Fee passes commodity price risk to consumers</li> <li>Successful CRM integration has increased growth of Customer Solutions segment</li> </ul>

### LTM 6/30/2020: Revenue Split<sup>1</sup>



### Geographical Segments<sup>2</sup>

<b>Eastern Region</b> (\$219.4M revenue)	<ul style="list-style-type: none"> <li>17 collection facilities, 24 transfer stations, 3 recycling facilities, 2 subtitle D landfills</li> <li>Emphasis on growth from <b>acquisitions and organic expansions</b> on collections and recycling services</li> <li>Building a environmentally <b>cleaner</b> fleet</li> </ul>
<b>Western Region</b> (\$343.4M Revenue)	<ul style="list-style-type: none"> <li>26 collection facilities, 34 transfer stations, 6 recycling facilities, 6 subtitle D landfills, and 1 C&amp;D landfill</li> <li>Emphasis on <b>vertical integration</b> to expand and offer additional customer solution products in the region</li> <li><b>Increasing customer reach</b> by utilizing rail usage</li> </ul>

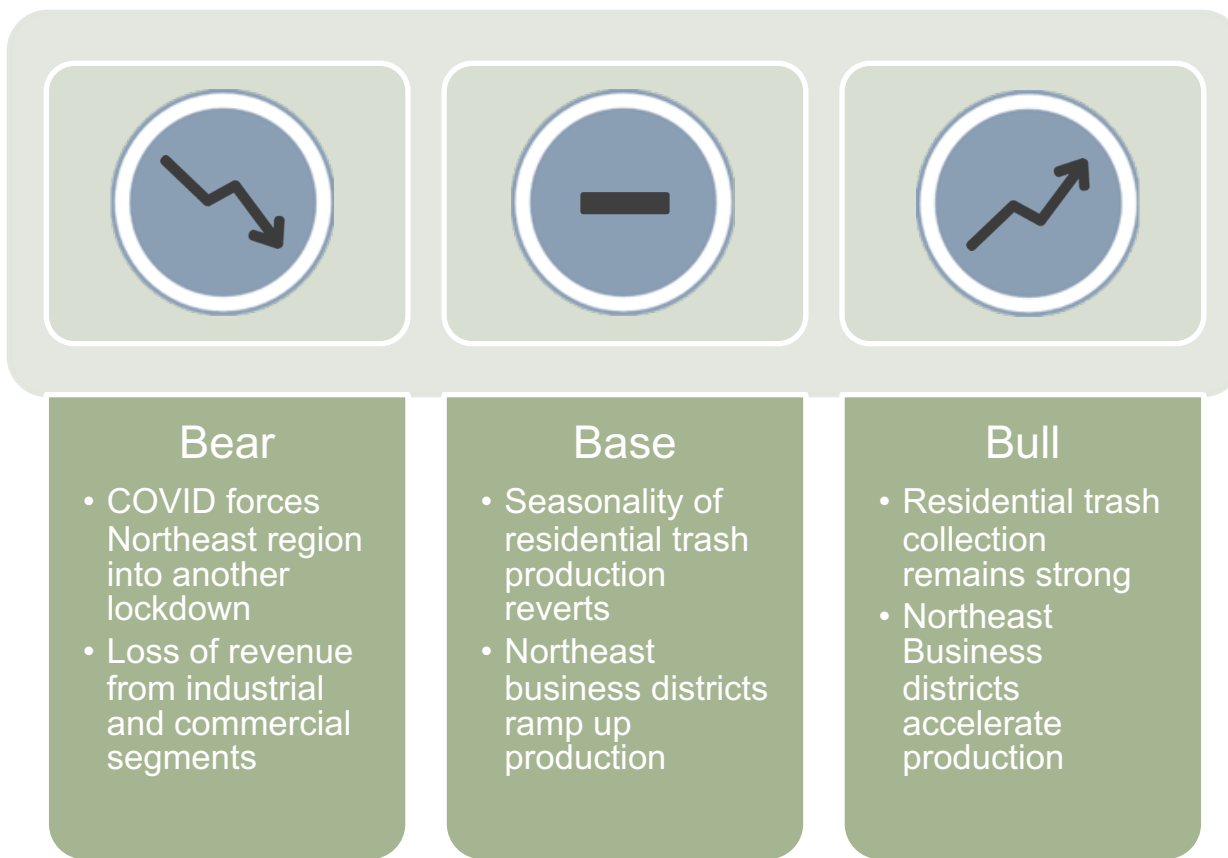
### Locations Served<sup>2</sup>

Region	Area Served
Western Region	VT (Watersheds); New York (Eastern, Western, Upstate, Watersheds); PA (McKean)
Eastern Region	MA (Watersheds); NH (Northern, Central, Southeast); MA (Central, Eastern)

# 10<sup>th</sup> Annual Undergraduate Stock Pitch Challenge



## Revisiting the Thesis: Simplified and Concentrated Business Model

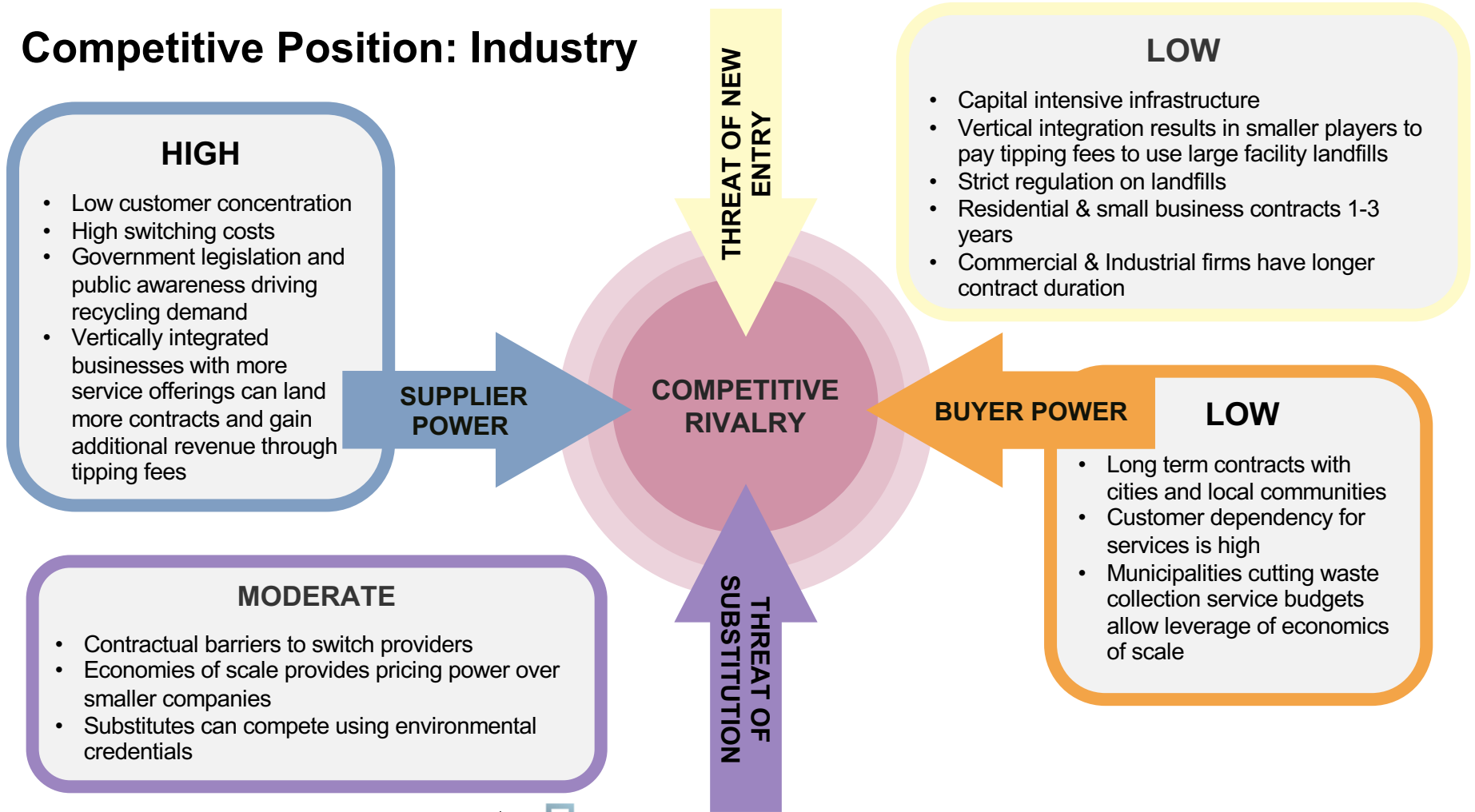




# 10<sup>th</sup> Annual Undergraduate Stock Pitch Challenge







## Competitive Position: Industry



# 10<sup>th</sup> Annual Undergraduate Stock Pitch Challenge



## Relative Competitive Position

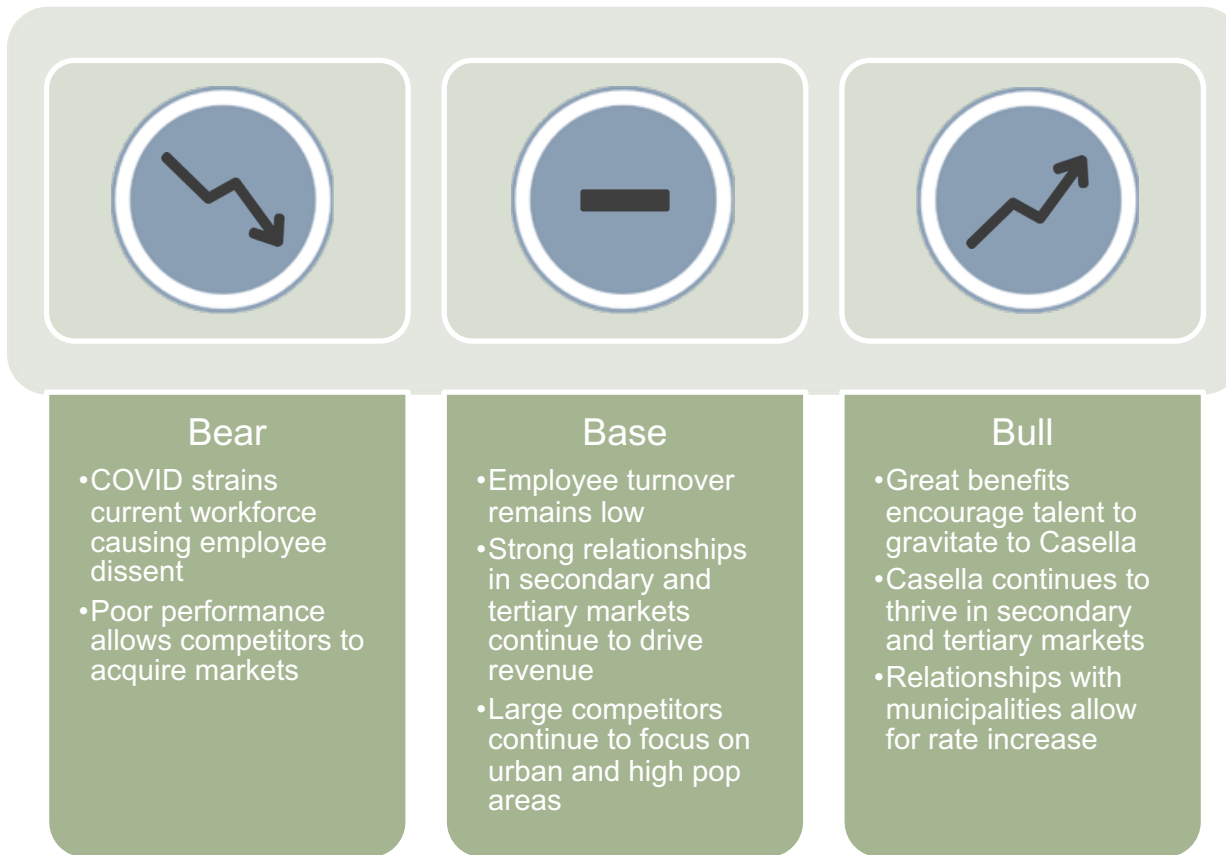
				
<b>Market Segment</b>	<ul style="list-style-type: none"> <li>Secondary and tertiary markets</li> <li>Operates in urban area but to lesser extent</li> </ul>	<ul style="list-style-type: none"> <li>Mainly target urban areas</li> <li>Greater economies of scale</li> </ul>	<ul style="list-style-type: none"> <li>Mainly target large urban areas</li> <li>Expanding to secondary and tertiary markets</li> </ul>	<ul style="list-style-type: none"> <li>Only operate in New York</li> </ul>
<b>Geographies</b>	National	National	National	New York
<b>Services Offerings</b>	<ul style="list-style-type: none"> <li>Expanding rapidly to recycling to offer more comprehensive solutions</li> <li>Diversifying revenue streams</li> </ul>	<ul style="list-style-type: none"> <li>Dominant in residential recycling</li> <li>The first to implement single-stream programs</li> </ul>	<ul style="list-style-type: none"> <li>Specializes in solid waste management</li> <li>Starting to expand to recycling in smaller communities</li> </ul>	<ul style="list-style-type: none"> <li>Specialize in waste collection services and dumpster rental</li> </ul>
<b>Reputation</b>	<ul style="list-style-type: none"> <li>Maintain local presence and strong identity through community involvement</li> </ul>	<ul style="list-style-type: none"> <li>Has strong relationships with big cities</li> <li>Less known in secondary and tertiary markets</li> </ul>	<ul style="list-style-type: none"> <li>Strong reputation in large cities</li> <li>Recycling expands presence in secondary markets</li> </ul>	<ul style="list-style-type: none"> <li>Has very strong relationships with residential zones, major corporations, and the government of NY</li> </ul>
<b>Employee Retention</b>	<ul style="list-style-type: none"> <li>Retains employees</li> <li>Low turnover</li> </ul>	<ul style="list-style-type: none"> <li>High employee turnover</li> <li>Poor Glassdoor ratings</li> </ul>	<ul style="list-style-type: none"> <li>Retains employees</li> <li>Strong work culture helps keep talent</li> </ul>	<ul style="list-style-type: none"> <li>Have trouble retaining employees that prefer larger companies</li> </ul>

- **Casella's position in secondary and tertiary markets avoids high competition in urban areas and is profitable as people are migrating back to the suburbs due to Covid-19**
- Casella combats commodity volatility well, boosting their recyclable revenues and making it a viable method of revenue diversification
- Strong relationships in NY and NE will help continue to secure good contracts
- Casella's low turnover gives them an advantage over WM that faces 20% turnover

# 10<sup>th</sup> Annual Undergraduate Stock Pitch Challenge



## Revisiting the Thesis: Opportunistic Competitive Position



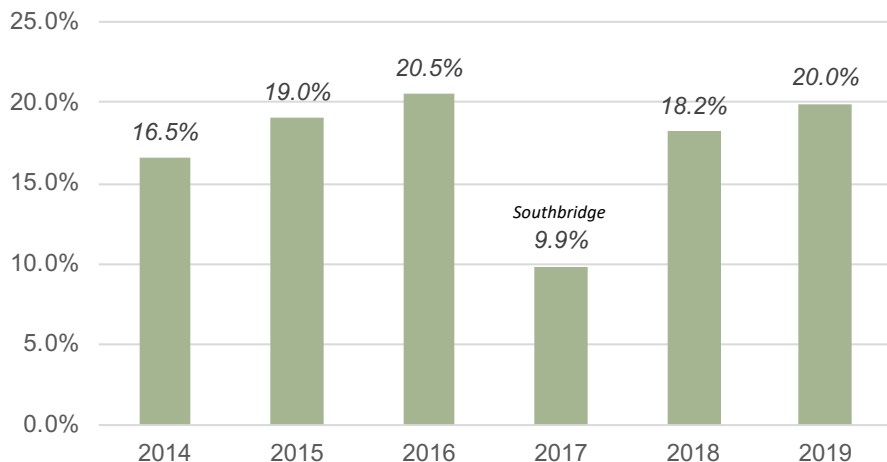
# 10<sup>th</sup> Annual Undergraduate Stock Pitch Challenge



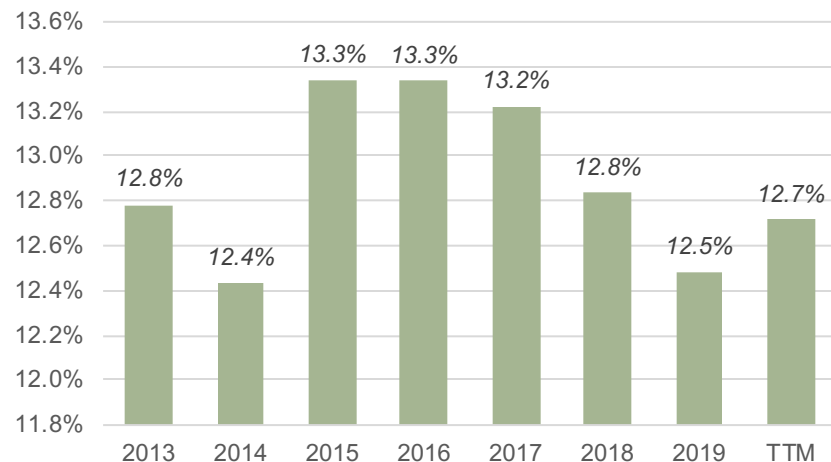
## Internal Investments: Technology

*Casella Management follows a “2021 plan” which includes using technology to drive profitability*

EBITDA Margin (%)



SG&A as a % of Sales



- **Investments into Microsoft Dynamics and Net Suite to promote procurement**
- Developed employee retention programs through **education services and right-wage contracts**
- We see a general upward trend in margins, with some inconsistency in segment divisions (see Appendix)
- SG&A as a percentage of sales has improved by upwards of 70 bps since 2021 plan strategic initiative
- EBITDA Margins have grown 3.85% CAGR

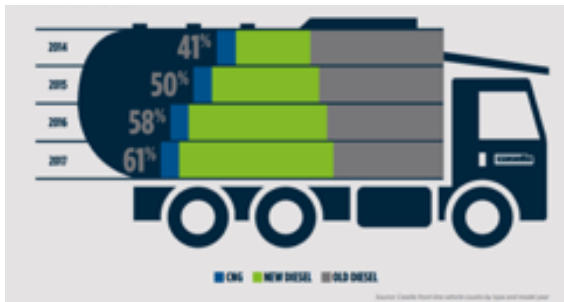
# 10<sup>th</sup> Annual Undergraduate Stock Pitch Challenge



## Internal Investments: Strategic Commitment to Resource Renewal

*Casella differentiates itself by spearheading a Resource Renewal focus*

### Resource Renewal Cycle



### Implementing Reduced Carbon

#### Reduced GHG Per Ton (kgCO2e/ton)



- Casella is a dominant processor in Northeastern US for recycling
- **Restructured 3<sup>rd</sup> party processing contracts by charging processing fee**
- Recycling services diversify revenue streams and enhance ESG presence
- **Strategic commitment to their resource renewal process despite associated cost**
- Casella has **reduced their GHG emission by over 50%**
- Has modernizing their fleet since 2015 to run with lower carbon and better-grade diesel
- Of their fleet, 37 are CNG trucks which have **displaced over 400,000 gallons** of diesel fuel
- Plans on utilizing internal tech investments to route shorter routes and further decrease emission

# 10<sup>th</sup> Annual Undergraduate Stock Pitch Challenge



## Internal Investments: Strategic Commitment to Resource Renewal

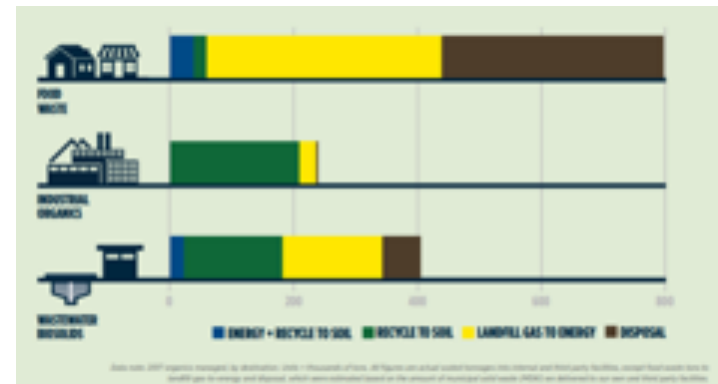
*Casella differentiates itself by spearheading a Resource Renewal focus*

### Intelligent and Accountability



- Management team has integrated a goal – track – focus framework for each business segment
- Committed to **providing capital to bolster each segment** to reach their sustainable goals
- Historic commitment leaves them **well positioned to benefit from current ESG focus**
- Actively spreading education and awareness in their communities

### Renewable Energy Partnerships



- Management has entered strategic partnerships with energy providers on their sites
- **4 of 9 landfills** currently have landfill to gas plants on site operated by 3<sup>rd</sup> parties
- **3 of 9 landfills** awaiting environment clearance to open similar sites
- Graphic above details significant portions of waste being reused as renewable energy

# 10<sup>th</sup> Annual Undergraduate Stock Pitch Challenge



## External Investments: Tuck-in Acquisitions

*Casella's growth has been driven primarily by acquisitions of key assets in Northeast*

Date Acquired	Company Acquired	Acquisition Details	Added Annual Revenue
6/6/2019	D&E Rubbish Removal Inc and Bin Dump'n Trash	<ul style="list-style-type: none"> <li>D&amp;E exclusive Waterboro, ME residential pick-up and roll-off containers</li> <li>BDT residential collectors for Wilbraham, Hampden, Palmer, and Springfield suburbs</li> <li>Combined ~20,000 population</li> </ul>	\$11.5 MN
9/6/2018	Youngblood and Silvarole	<ul style="list-style-type: none"> <li>Primary contractor to Rochester NY suburbs: Brighton, Henrietta, Rush</li> <li>3 towns combine for ~ 80,000 population</li> </ul>	\$30 MN
1/4/2018	Complete Disposal Company	<ul style="list-style-type: none"> <li>Total consideration of 16.5 MN</li> <li>Primary contractor to Westfield Community, suburbs to Springfield</li> <li>Westfield has ~ 40,000 population</li> </ul>	\$17 MN

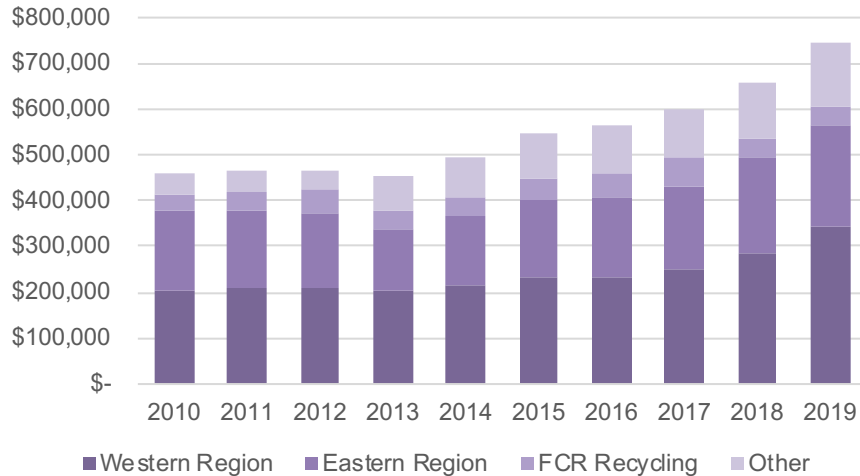
# 10<sup>th</sup> Annual Undergraduate Stock Pitch Challenge



## External Investments: Tuck-in Acquisitions

Casella's growth has been driven primarily by acquisitions of key assets in Northeast

Revenue Breakdown by Region (thousands)



The Suburban Megalopolis



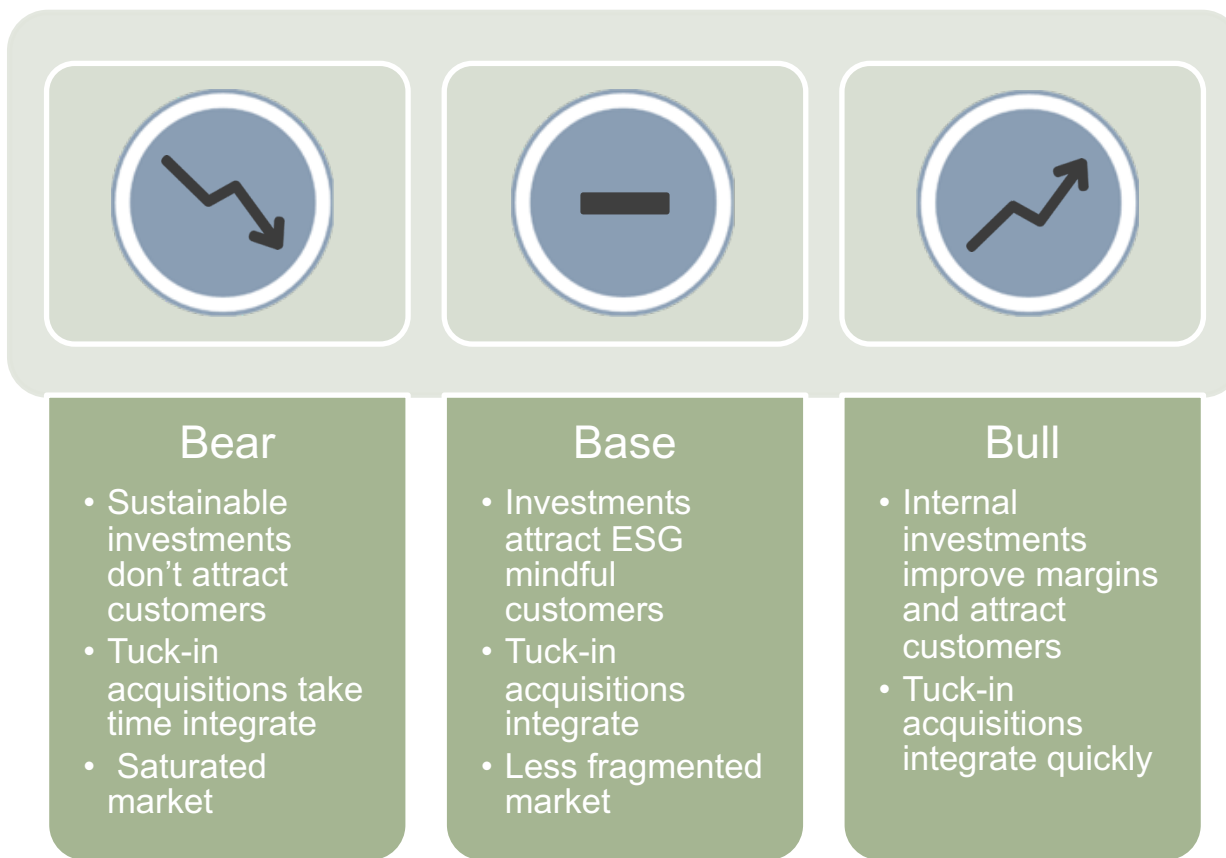
- Historic revenue has **8.36% 5-year CAGR** driven by tuck-in acquisitions
- Access to the “Suburban Megalopolis” in the Northeast (**micropolitan, small metros, medium metros**)
- TAM: Northeast Pop. (50 MN) \* Suburban Residence % (52%) \* Target Market % (75%) = **19.5 MN**
- Currently **serve 170,000 residents** in the Northeast US



# 10<sup>th</sup> Annual Undergraduate Stock Pitch Challenge



## Revisiting the Thesis: Strong Internal and External Investments



# 10<sup>th</sup> Annual Undergraduate Stock Pitch Challenge



## Relative Valuation: Key Metrics

Company	Ticker	Share Price	Market Cap (MN)	P/E	EV/EBITDA	Revenue Growth (3 yr)	Net Debt / EBITDA	Gross Margin	Operating Margin	FCF Margin	Pool Op Leases
Casella Waste Management	CWST	\$55.59	\$2,689	67.9x	19.3x	12.5%	3.7x	34.6%	9.2%		1.8%
Advanced Disposal Services	ADSV	\$29.93	\$2,736	116.8x	13.0x	4.2%	4.5x	-	7.3%		4.7%
Waste Connections Inc	WCN	\$99.22	\$26,060	43.4x	17.7x	9.5%	3.6x	39.8%	-17.8%		16.2%
Waste Management	WM	\$113.21	\$46,962	27.0x	13.3x	3.6%	2.6x	38.8%	14.8%		13.3%
Republic Services	RSO	\$90.50	\$29,779	27.0x	13.0x	2.6%	3.0x	40.2%	16.1%		13.1%
Clean Harbors	CLH	\$57.39	\$3,193	27.5x	9.2x	3.4%	2.3x	33.7%	8.5%		5.8%
Covanta Holdings	CVA	\$8.87	\$3,131	-	9.5x	0.1%	7.6x	25.1%	4.0%		1.6%
Stantec	STC	\$63.46	\$5,806	36.7x	13.5x	-5.2%	34.6x	39.5%	4.2%		1.6%
Harsco	HSC	\$14.35	\$3,132	38.4x	-	13.6%	5.2x	38.6%	0.4%		-12.3%
Maximum			\$46,962	111.4x	29.3x	12.5%	34.6x	40.2%	16.1%		16.2%
75th Percentile			\$26,060	49.3x	16.1x	9.5%	3.2x	39.8%	9.2%		11.1%
Median			\$3,193	27.6x	13.3x	3.6%	3.2x	36.7%	7.3%		4.7%
25th Percentile			2688.54	27.6x	10.6x	2.6%	3.0x	33.6%	4.0%		1.8%
Minimum			\$3,132	27.0x	9.2x	-5.2%	2.3x	38.6%	-17.8%		-12.3%

- Casella trades at a significantly higher P/E and EV/EBITDA multiple than most competitors
- Median level of debt and adequate access to capital markets (ie 9/02/2020 bond @ 2.750 Coupon)
- Casella has room to grow within Gross, Operating, and FCF margins

# 10<sup>th</sup> Annual Undergraduate Stock Pitch Challenge



## Discounted Cash Flow: Base Case

	Historical				Proposed				
	2014	2015	2016	2017	2018	2019	2020	2021	
Revenue	\$ 685	\$ 799	\$ 881	\$ 763	\$ 791	\$ 886	\$ 953	\$ 1,054	\$ 1,167
Western Region	\$ 255	\$ 271	\$ 286	\$ 243	\$ 267	\$ 288	\$ 317	\$ 350	\$ 383
Eastern Region	\$ 177	\$ 187	\$ 204	\$ 219	\$ 226	\$ 258	\$ 287	\$ 313	\$ 334
FCR/Recycling	\$ 13	\$ 12	\$ 42	\$ 43	\$ 44	\$ 45	\$ 47	\$ 49	\$ 51
Other	\$ 140	\$ 188	\$ 149	\$ 158	\$ 144	\$ 188	\$ 142	\$ 175	\$ 176
% Yr Growth	NA	16.0%	10.14%	12.0%	3.48%	11.0%	8.48%	10.6%	7.02%
Cost of Goods Sold	\$ 392	\$ 455	\$ 453	\$ 399	\$ 338	\$ 389	\$ 438	\$ 480	\$ 521
Gross Profit	\$ 293	\$ 344	\$ 428	\$ 364	\$ 453	\$ 497	\$ 515	\$ 574	\$ 646
% Margin	32.6%	32.8%	37.2%	31.7%	32.8%	32.0%	32.8%	32.8%	32.8%
EBITDA	168	175	123	136	147	164	181	198	211
% Margin	14.3%	14.1%	10.3%	10.8%	10.8%	10.8%	10.1%	10.1%	10.1%
Less: Depreciation & Amort	82	82	71	80	81	84	104	114	122
Western Region	28	31	26	48	33	37	43	39	50
Eastern Region	27	24	27	24	26	29	32	35	39
FCR/Recycling	4	4	4	4	4	4	4	5	5
Other	3	3	4	4	4	4	4	5	5
EBIT	86	93	52	56	66	79	77	84	89
Less: Taxes	0	1	20	22	1	1	1	1	1
EBIT(Pre-T)	86	92	32	34	65	78	76	83	88
Add: Depreciation	82	82	71	80	81	84	104	114	122
Less: Int. in MRC	-	4	1	20	20	20	1	10	20
Less: Cash	54	80	73	103	106	124	139	164	162
Western Region	(10)	(40)	(42)	(44)	10	15	30	34	35
Eastern Region	(18)	(17)	(17)	(19)	32	41	42	44	48
FCR/Recycling	(2)	(2)	(6)	(7)	0	0	0	0	0
Other	(2)	(6)	(6)	(2)	0	11	10	10	10
FCF in Firm	32	40	43	36	64	56	64	68	69
DF Factor				0.91	0.81	0.72	0.63	0.55	0.47
DF at t0				44	37	36	41	35	37
DF of Terminal Value									2,281.70
Firm Value	\$ 480,432,867								
Less: Debt	\$ 141,300,000								
Equity Value	\$ 339,132,867								
Share Price	\$ 40.35								
Premium	34%								

Assumptions		Base
Case		Base
Tax Rate		19%
Exit Multiple (EBITDA)		13.5x
NOLs	\$	112

WACC Calculation		
Risk Free Rate		0.72%
Beta		0.78
MRP		6.01%
Cost of Equity		5.41%
Pre-Tax Cost of Debt		2.50%
S.O.		47,400,000
Current Share Price		54.65
Market Cap		\$2,590,410,000
EV of Debt		549,000,000
Equity Ratio		82.5%
Debt Ratio		17.5%
WACC		4.90%

WACC	Exit Multiple					
	\$40.85	11.5x	12.5x	13.5x	14.5x	15.5x
3.90%	\$ 36.34	\$ 40.09	\$ 43.84	\$ 47.59	\$ 51.34	\$ 55.09
4.40%	\$ 35.03	\$ 38.68	\$ 42.32	\$ 45.97	\$ 49.61	\$ 53.26
4.90%	\$ 33.77	\$ 37.31	\$ 40.85	\$ 44.39	\$ 47.93	\$ 51.47
5.40%	\$ 32.55	\$ 35.99	\$ 39.43	\$ 42.87	\$ 46.31	\$ 49.85
5.90%	\$ 31.37	\$ 34.71	\$ 38.06	\$ 41.40	\$ 44.75	\$ 48.30

# 10<sup>th</sup> Annual Undergraduate Stock Pitch Challenge



## Discounted Cash Flow: Bull Case

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
<b>Revenue</b>	\$	585	639	691	743	830	932	1,021	1,116	1,197	1,283
Western Region	\$	233	251	266	283	326	374	400	430	450	479
Eastern Region	\$	157	167	176	183	205	235	253	273	286	304
FCR Receiving	\$	13	12	12	12	14	15	15	17	18	19
Other	\$	102	109	126	139	164	184	198	217	238	257
% YoY Growth	NA	4.07%	10.36%	10.01%	11.60%	12.26%	9.56%	9.26%	7.23%	5.50%	
<b>Cost of Goods Sold</b>	\$	362	400	433	459	520	593	652	726	766	823
Gross Profit	\$	183	194	207	215	244	274	297	322	341	354
% Margin	32.40%	32.39%	31.39%	31.57%	32.00%	34.00%	34.00%	33.00%	33.00%	34.00%	34.00%
<b>EBITDA</b>		108	116	123	128	148	171	188	213	231	247
% Margin	18.80%	18.17%	18.00%	18.00%	18.00%	19.00%	19.00%	20.00%	20.00%	21.00%	21.00%
<b>Less: Depreciation &amp; Amort</b>		62	62	71	80	88	97	103	110	116	119
Western Region		29	31	36	40	43	48	52	56	59	61
Eastern Region		27	28	37	40	45	49	51	54	57	58
FCR Receiving		4	4	4	4	4	4	4	4	4	4
Other		7	7	8	8	8	8	8	8	8	8
EBIT		46	52	52	48	70	84	91	113	126	137
Less: Taxes		3	1	1	1	1	1	1	1	1	1
EBIT(1-T)		43	52	51	47	69	83	90	112	125	136
Add: Depreciation		62	62	71	80	88	97	103	110	116	119
Less: Inc. in MHC		-	4	1	1	2	2	1	1	1	1
Less: CapEx		34	35	73	103	107	138	140	140	140	140
Western Region		(32)	(42)	(63)	(84)	(83)	(79)	(80)	(82)	(86)	(88)
Eastern Region		(14)	(17)	(27)	(24)	(24)	(41)	(43)	(43)	(43)	(43)
FCR Receiving		(2)	(2)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Other		(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
FCF to Firm		11	15	11	24	46	39	46	57	57	58
PV Factor					0.92	0.87	0.82	0.77	0.73	0.70	0.67
PV of FCF					46	36	38	49	63	63	66
PV of Terminal Value											3,294.39
<b>Firm Value</b>											3,339,893,898
Less: Debt											500,000,000
<b>Equity Value</b>											2,839,893,898
Share Price											56.79
Discount											10%

Assumptions		
Case		Bull
Tax Rate		19%
Exit Multiple (EBITDA)		16.0x
NOLs	\$	112

WACC Calculation		
Risk Free Rate		0.72%
Beta		0.78
MRP		6.01%
Cost of Equity		5.41%
Pre-Tax Cost of Debt		2.50%
S.O.		47,400,000
Current Share Price		54.65
Market Cap		\$2,550,410,000
BV of Debt		549,000,000
Equity Ratio		82.5%
Debt Ratio		17.5%
<b>WACC</b>		<b>4.90%</b>

	\$63.09	14.1x	15.1x	16.1x	17.1x	18.1x
3.90%	\$ 58.46	\$ 62.91	\$ 67.36	\$ 71.80	\$ 76.25	\$ 80.70
4.40%	\$ 56.55	\$ 60.87	\$ 65.19	\$ 69.51	\$ 73.83	\$ 78.15
<b>4.90%</b>	\$ 54.70	\$ 58.90	<b>\$ 63.09</b>	\$ 67.29	\$ 71.49	\$ 75.69
5.40%	\$ 52.91	\$ 56.99	\$ 61.07	\$ 65.15	\$ 69.23	\$ 73.31
5.90%	\$ 51.17	\$ 55.14	\$ 59.10	\$ 63.07	\$ 67.04	\$ 71.01

# 10<sup>th</sup> Annual Undergraduate Stock Pitch Challenge



## Discounted Cash Flow: Bear Case

	Historical				Projected					
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenue	\$ 565	\$ 589	\$ 601	\$ 743	\$ 740	\$ 777	\$ 816	\$ 852	\$ 883	\$ 915
Western Region	\$ 233	\$ 251	\$ 256	\$ 343	\$ 347	\$ 364	\$ 388	\$ 405	\$ 421	\$ 438
Eastern Region	\$ 177	\$ 181	\$ 206	\$ 219	\$ 216	\$ 233	\$ 247	\$ 259	\$ 269	\$ 280
PCR Recycling	\$ 13	\$ 42	\$ 43	\$ 43	\$ 46	\$ 39	\$ 37	\$ 37	\$ 37	\$ 37
Other	\$ 162	\$ 109	\$ 156	\$ 138	\$ 138	\$ 142	\$ 148	\$ 150	\$ 156	\$ 160
% Y/Y Growth	N/A	8.07%	18.24%	12.51%	-4.40%	4.80%	5.01%	4.41%	3.60%	3.60%
Cost of Goods Sold	\$ 362	\$ 409	\$ 433	\$ 509	\$ 518	\$ 559	\$ 587	\$ 619	\$ 642	\$ 666
Gross Profit	\$ 203	\$ 184	\$ 207	\$ 234	\$ 222	\$ 218	\$ 229	\$ 233	\$ 241	\$ 249
% Margin	35.9%	31.2%	34.4%	31.5%	30.0%	28.0%	28.0%	27.5%	27.3%	27.3%
EBITDA	158	151	123	158	123	140	126	140	141	142
% Margin	19.0%	18.17%	18.00%	19.87%	18.00%	18.00%	17.00%	17.00%	16.00%	16.00%
Less: Depreciation & Amort	62	62	71	66	62	66	61	69	62	66
Western Region	28	31	36	48	48	51	54	53	55	53
Eastern Region	27	24	27	24	26	28	30	28	30	29
PCR Recycling	0	0	0	0	0	0	0	0	0	0
Other	7	7	8	8	8	8	8	8	8	8
EBIT	46	52	52	92	61	74	65	71	79	76
Less: Taxes	0	1	20	22	-	-	-	-	1	11
EBIT(1-T)	46	52	52	69	61	74	65	71	78	65
Add: Depreciation	62	62	71	66	62	66	61	69	62	66
Less: Inc. in NWC	-	4	1	(5)	(5)	(5)	(5)	(4)	(5)	(5)
Less: CapEx	54	65	73	103	102	106	106	110	102	118
Western Region	120	102	102	140	137	143	143	147	143	157
Eastern Region	116	115	123	124	32	40	40	38	38	37
PCR Recycling	0	0	0	19	0	0	0	0	0	0
Other	24	48	49	20	25	23	23	23	21	24
FCF to Firm	13	41	49	39	36	57	54	39	52	50
PV Factor					0.86	0.81	0.77	0.73	0.70	0.70
PV of FCF					28	61	52	28	59	50
PV of Terminal Value										1,154.88
Firm Value										1,284,155.302
Less: Debt										145,000,000
Equity Value										1,139,155.302
Share Price										57.136
Premium										24%

Assumptions	
Case	Bear
Tax Rate	19%
Exit Multiple (EBITDA)	10.5x
NOLs	\$ 112
WACC Calculation	
Risk Free Rate	0.72%
Beta	0.78
MRP	6.01%
Cost of Equity	5.41%
Pre-Tax Cost of Debt	2.50%
S.O.	47,400,000
Current Share Price	54.65
Market Cap	\$2,590,410,000
BV of Debt	549,000,000
Equity Ratio	82.5%
Debt Ratio	17.5%
WACC	4.90%

WACC	Exit Multiple					
	8.5x	9.5x	10.5x	11.5x	12.5x	
3.90%	\$ 11.69	\$ 14.14	\$ 16.60	\$ 19.05	\$ 21.51	
4.40%	\$ 11.06	\$ 13.44	\$ 15.83	\$ 18.22	\$ 20.60	
4.90%	\$ 10.45	\$ 12.77	\$ 15.09	\$ 17.41	\$ 19.73	
5.40%	\$ 9.86	\$ 12.12	\$ 14.37	\$ 16.62	\$ 18.88	
5.90%	\$ 9.29	\$ 11.48	\$ 13.67	\$ 15.86	\$ 18.06	

# 10<sup>th</sup> Annual Undergraduate Stock Pitch Challenge



## Revisiting the Thesis (\$60.03 Price Target)

*We recommend a buy on CWST because of 3 thesis points*

1. Simplified and Concentrated Business Model Allows for Growth
2. Opportunistic Competitive Position
3. Success of Internal and External Investments to Fuel Growth

### Risks

- High trading multiple implies little room for any mistakes
- Acquisition growth will require significant capital investment

Valuation	9/9/20
Current Price	\$ 55.92
Model Master	\$ 51.97
ESG Premium	1.1x
Diversified Industrials Premium	1.05x
Wholistic Price	\$ 60.03
Bear Case	\$ 15.09
Bear Weight	0%
Base Case	\$ 40.85
Base Weight	50%
Bull Case	\$ 63.09
Bull Weight	50%

### Rationale

The DCF analysis provided a base for our price, but we felt a few premiums were not incorporated. Building DCFs on WM and RSG showed larger waste management companies command a 4%-6% premium, according to a McKinsey article. ESG focus through recycling commanded a 30% premium.

# 10<sup>th</sup> Annual Undergraduate Stock Pitch Challenge



## Appendix

DODGE & COX®



NEUBERGER BERMAN



# 10<sup>th</sup> Annual Undergraduate Stock Pitch Challenge



## Internal Investments: Technology

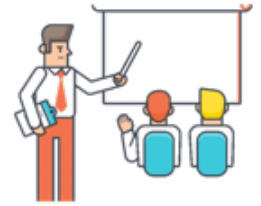
*Casella Management follows a “2021 plan” which includes using technology to drive profitability*

### Back Office Investments



- Back office investments into ERP, CRM, and Case Management
- Focusing on using BI to improve procurements and increase margins
- Planning on implementing computing dynamic routing systems<sup>1</sup>

### Employee Development Programs



- Following the tight labor market in 2018 and 2019 Casella invested in employees
- Kelley Robinson (VP HR) has developed a strong employee retention program<sup>2</sup>
- Emphasizes right-wage contracts and education opportunities for workers



# 10<sup>th</sup> Annual Undergraduate Stock Pitch Challenge



## Internal Investments: Recycling

*Casella differentiates itself by offering value-added resource solutions like recycling*

### Recycling Services



- Dominant processor in Northeastern US
- Has 6 processing facilities with long-term contracts
- Recycling services have continued to expand Casella's margins and diversify their revenue stream

### Combatting Commodity Volatility

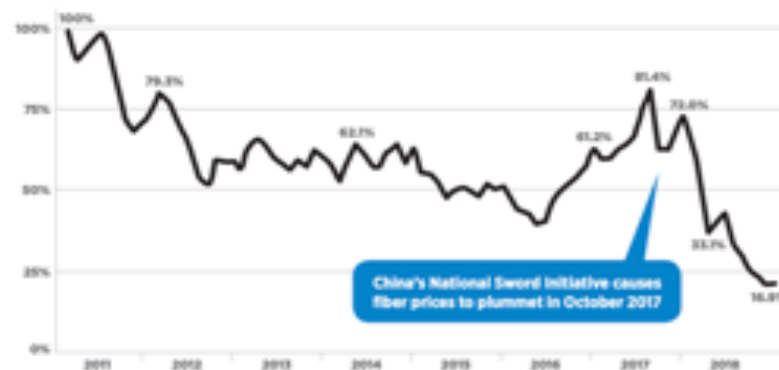


Chart: Casella Average Commodity Revenue per ton

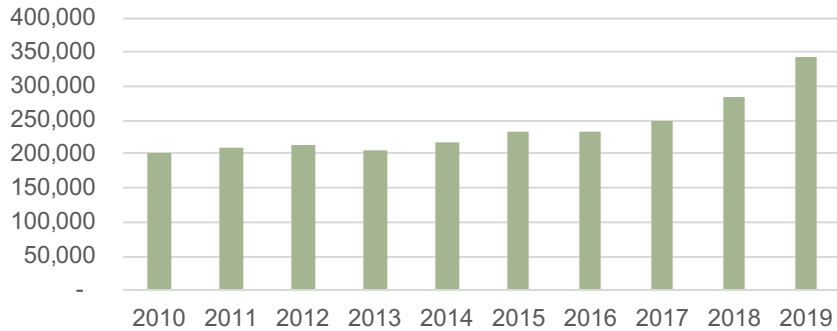
- Restructured 3<sup>rd</sup> party processing contracts by charging processing fee
- Charge Sustainability Recycling Adjustment (SRA) Fee for collection customers
- Invest in processing infrastructure
- Maintain strong partnerships with consumers of recycled materials

# 10<sup>th</sup> Annual Undergraduate Stock Pitch Challenge

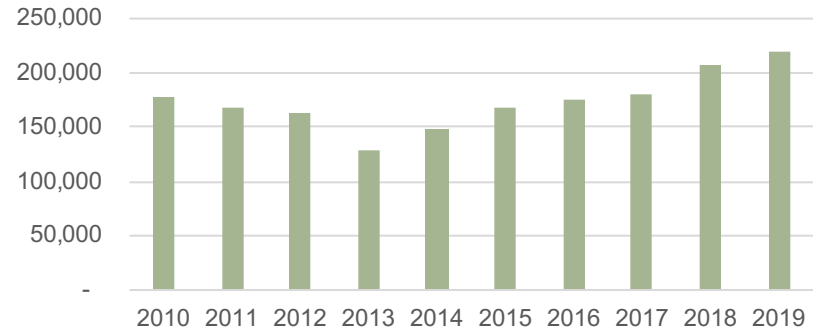


## Segment Metrics

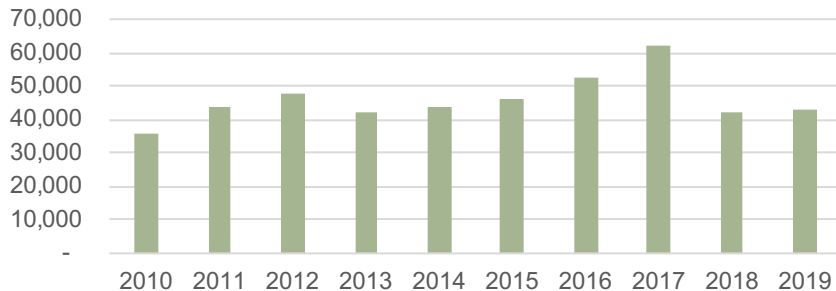
Western Region Historic Revenue (in thousands)



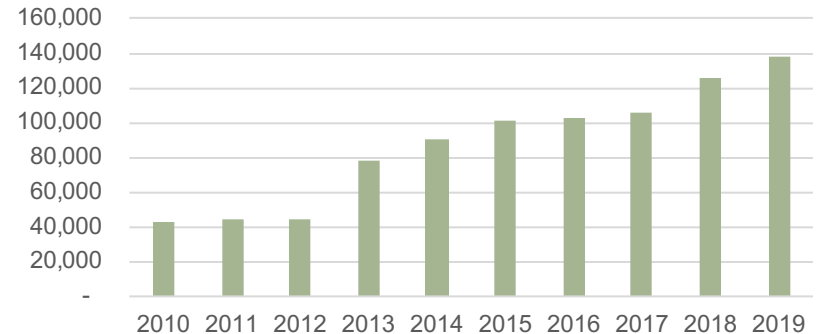
Eastern Region Historic Revenue (in thousands)



FCR Recycling Historic Revenue (in thousands)



Other Historic Revenue (in thousands)



DODGE & COX®



NEUBERGER BERMAN

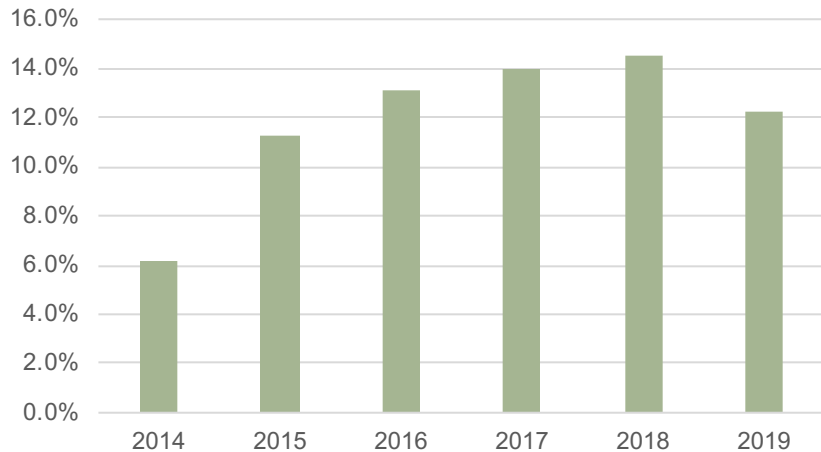


# 10<sup>th</sup> Annual Undergraduate Stock Pitch Challenge

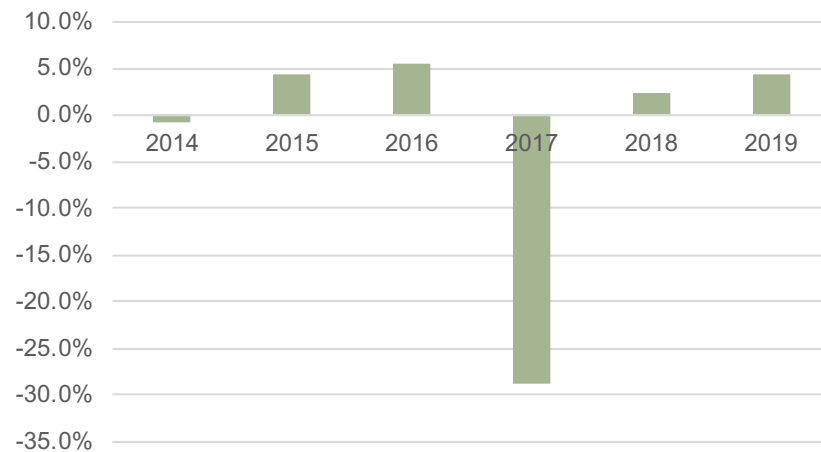


## Segment Metrics

Operating Margin Western Region (%)



Operating Margin Eastern Region (%)

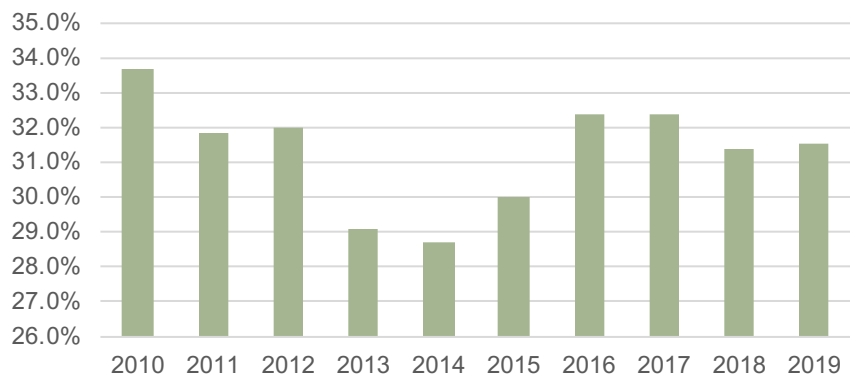


# 10<sup>th</sup> Annual Undergraduate Stock Pitch Challenge

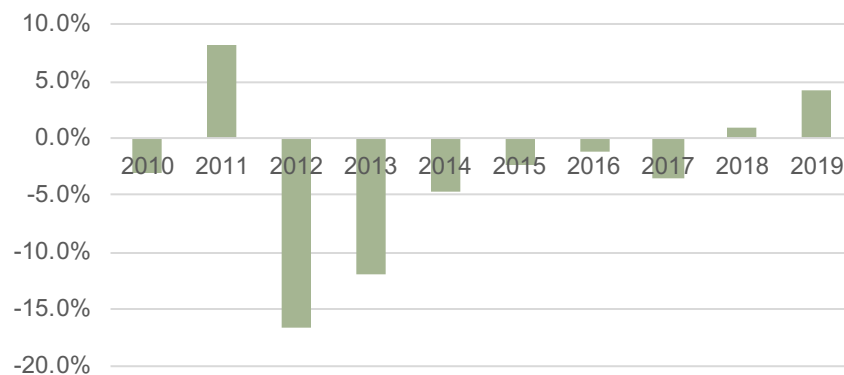


## Enterprise Metrics

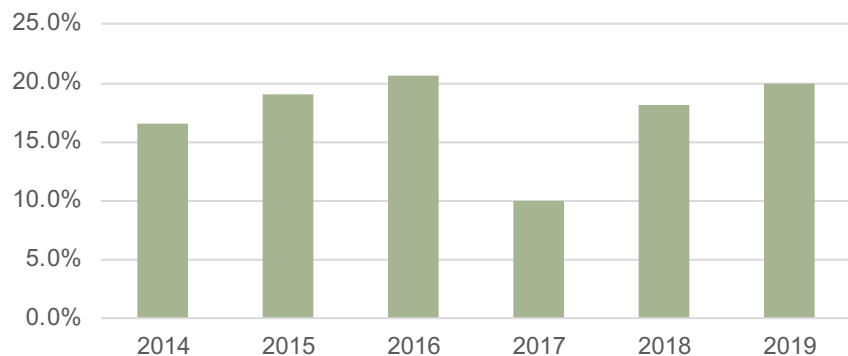
### Gross Margin



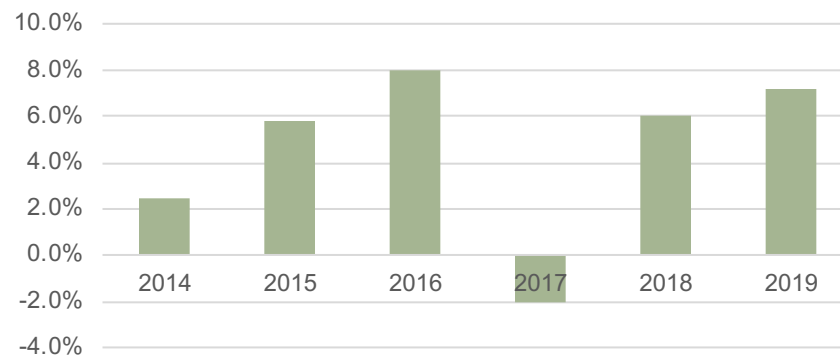
### Net Income Margin



### EBITDA Margin



### Operating Margin

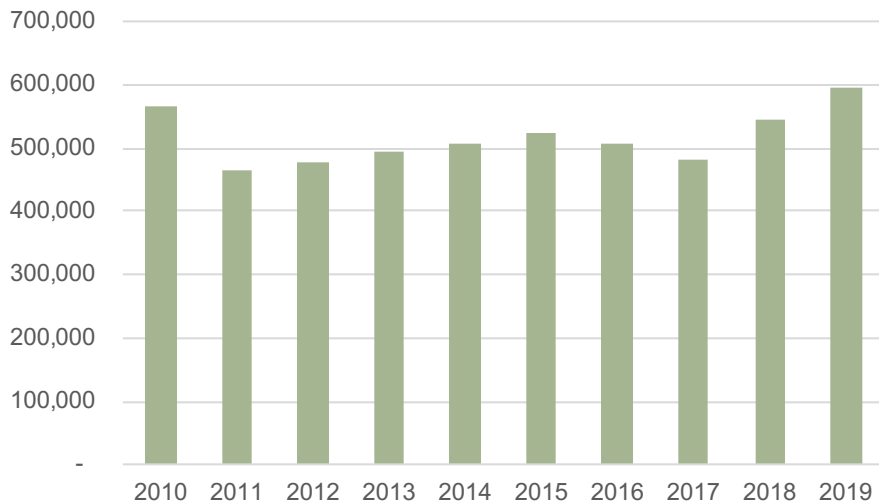


# 10<sup>th</sup> Annual Undergraduate Stock Pitch Challenge

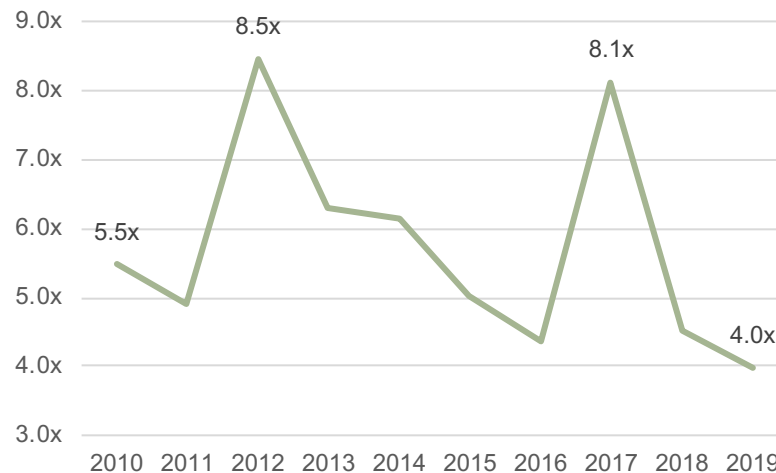


## Enterprise Metrics

Long Term Debt (in thousands)



Net Debt/EBITDA



# 10<sup>th</sup> Annual Undergraduate Stock Pitch Challenge



## Weighted Average EQRV from Bloomberg

EQRV	Implied Multiple	Implied Price	Weight
BF P/E	57.6x	\$47.87	25.0%
BF EV/EBITDA	16.3x	\$46.06	25.0%
BF EV/EBIT	32.3x	\$38.88	25.0%
BF EV/Rev	3.5x	\$45.08	25.0%
<b>Weighted EQRV Price</b>		<b>\$44.47</b>	

DODGE & COX®



NEUBERGER BERMAN



# 10<sup>th</sup> Annual Undergraduate Stock Pitch Challenge



## Comparative DCF: Waste Management

	Historical			Reported	Projected				
	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	\$ 14,485	\$ 14,916	\$ 15,455	\$ 16,050	\$ 16,444	\$ 16,908	\$ 17,385	\$ 17,713	\$ 17,947
% YoY Growth	5.8%	2.95%	3.62%	3.81%	2.38%	2.69%	2.60%	2.00%	2.00%
Cost of Goods Sold	\$ 7,851	\$ 7,994	\$ 8,307	\$ 7,990	\$ 8,216	\$ 8,338	\$ 8,816	\$ 8,992	\$ 9,172
Gross Profit	\$ 6,634	\$ 6,920	\$ 7,148	\$ 8,060	\$ 8,228	\$ 8,570	\$ 8,569	\$ 8,721	\$ 8,775
% Margin	45.82%	46.40%	47.00%	48.20%	48.20%	48.20%	48.20%	48.20%	48.20%
EBITDA	3,996	4,212	4,328	4,196	4,363	4,494	4,628	4,721	4,816
% Margin	27.56%	28.24%	28.00%	26.20%	26.20%	26.20%	26.20%	26.20%	26.20%
Less: Depreciation	1,376	1,477	1,576	1,621	1,711	1,768	1,837	1,891	1,946
EBIT	2,620	2,735	2,752	2,574	2,652	2,726	2,791	2,830	2,870
Less: Taxes	915	984	989	944	981	981	998	708	712
EBITDA	1,705	1,751	1,763	1,630	1,671	1,745	1,793	1,722	1,758
Add: Depreciation	1,376	1,477	1,576	1,621	1,711	1,768	1,837	1,891	1,946
Less: Inc. in MISC	-	148	126	(82)	81	46	47	31	31
Less: CapEx	1,029	1,096	1,018	1,018	1,083	1,133	1,195	1,021	1,017
NPV to Firm	1,832	1,686	1,696	2,017	1,964	2,033	2,098	2,162	2,209
PV Factor					0.95	0.91	0.86	0.82	0.78
Present NPV				1,941	1,888	1,813	1,716	1,732	1,732
NPV to Shareholder									49,489.9

Assumptions	
Tax Rate	25%
Exit Multiple (EBITDA)	13.1x
Shares O.S	422.5
Current Price	\$112.00

WACC Calculation	
Risk Free Rate	0.72%
Beta	0.613
Market Risk Premium	8.50%
Cost of Equity	5.9%
Pre-Tax Cost of Debt	2.21%
Market Cap	\$44,711
BV of Debt	\$12,600
Equity-to-Value	78.0%
Debt-to-Value	22.0%
WACC	4.99%

		Exit Multiple					
			11.1x	12.1x	13.1x	14.1x	15.1x
Firm Value	\$4,838.9	\$ 108.49					
Less: Debt	\$ 12,000	3.99%	\$ 96.20	\$ 105.57	\$ 114.94	\$ 124.32	\$ 133.69
Equity Value	\$4,838.9	4.49%	\$ 93.42	\$ 102.57	\$ 111.72	\$ 120.87	\$ 130.02
Shares Outstanding	43	4.99%	\$ 90.72	\$ 99.66	\$ 108.59	\$ 117.52	\$ 126.46
Share Price	\$ 108.49	5.49%	\$ 88.09	\$ 96.82	\$ 105.54	\$ 114.27	\$ 122.99
Premium	7%	5.99%	\$ 85.54	\$ 94.06	\$ 102.58	\$ 111.10	\$ 119.62

# 10<sup>th</sup> Annual Undergraduate Stock Pitch Challenge



## Comparative DCF: Republic Services Group

	Historical			1-yr Forecast	Projected				
	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	\$ 10,042	\$ 10,361	\$ 10,299	\$ 10,146	\$ 10,512	\$ 10,868	\$ 11,096	\$ 11,307	\$ 11,524
% Y/Y Growth	N/A	-0.0%	2.0%	-1.4%	4.0%	2.0%	2.0%	2.0%	2.0%
Cost of Goods Sold	\$ 4,270	\$ 4,150	\$ 4,298	\$ 4,200	\$ 4,448	\$ 4,507	\$ 4,774	\$ 4,910	\$ 5,048
Gross Profit	\$ 5,772	\$ 6,211	\$ 6,001	\$ 5,946	\$ 6,064	\$ 6,361	\$ 6,322	\$ 6,397	\$ 6,476
% Margin	28.1%	28.7%	28.8%	28.8%	28.8%	28.8%	28.8%	28.8%	28.8%
EBITDA	2,768	2,840	2,925	2,880	2,998	3,088	3,158	3,213	3,277
% Margin	27.6%	28.3%	28.6%	28.6%	28.4%	28.4%	28.4%	28.4%	28.4%
Less: Depreciation	1,036	1,000	1,041	1,146	1,208	1,267	1,283	1,308	1,358
EBIT	1,732	1,840	1,884	1,734	1,790	1,821	1,875	1,905	1,919
Less: Taxes	471	452	471	435	450	460	467	473	480
EBITDA (E)	1,261	1,388	1,413	1,299	1,340	1,361	1,408	1,432	1,439
Add: Depreciation	1,036	1,000	1,041	1,146	1,208	1,267	1,283	1,308	1,358
Less: Inc. in NWC	-	11	(28)	(28)	22	18	10	10	10
Less: CapEx	988	1,072	1,207	1,126	1,189	1,204	1,228	1,253	1,278
FCF before	1,348	1,388	1,298	1,303	1,358	1,488	1,445	1,477	1,509
PV Factor					0.94	0.88	0.83	0.78	0.73
Present Value					1,275	1,321	1,196	1,148	1,102
Professional value									31,587.2

	WACC	11.2x	12.2x	13.2x	14.2x	15.2x
Exit Multiple						
5.50%	\$ 89.98	\$ 79.55	\$ 87.43	\$ 95.30	\$ 103.17	\$ 111.04
6.00%		\$ 77.23	\$ 84.92	\$ 92.60	\$ 100.29	\$ 107.98
6.50%		\$ 74.96	\$ 82.47	\$ 89.98	\$ 97.49	\$ 105.00
7.00%		\$ 72.76	\$ 80.10	\$ 87.43	\$ 94.77	\$ 102.10
7.50%		\$ 70.62	\$ 77.78	\$ 84.95	\$ 92.12	\$ 99.28

Firm Value	\$ 26,098.3
Less: Debt	\$ 7,900
Equity Value	\$ 18,198.3
Shares Outstanding	175
Share Price	\$ 104.05
Premium	4%

Assumptions	
Tax Rate	25%
Exit Multiple (EBITDA)	13.2x
Shares O.S	318.5
Current Price	\$95.35

WACC Calculation	
Risk Free Rate	0.72%
Beta	0.889
Market Risk Premium	8.50%
Cost of Equity	8.3%
Pre-Tax Cost of Debt	1.72%
Market Cap	\$ 26,108
BV of Debt	\$ 8,900
Equity-to-Value	74.6%
Debt-to-Value	25.4%
WACC	6.50%



# 10<sup>th</sup> Annual Undergraduate Stock Pitch Challenge



EMELLA WHITE HOLDINGS, INC. AND SUBSIDIARIES  
 CONSOLIDATED BALANCE SHEETS  
 (in thousands)

	December 31, 2023	December 31, 2022
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 1,071	\$ 1,087
Accounts receivable, net of allowance for doubtful accounts of \$1,440 and \$973, respectively	85,205	76,837
Receivable from parent	1,251	2,274
Prepaid expenses	8,084	7,345
Inventory	1,478	4,340
Other current assets	1,213	1,088
<b>Total current assets</b>	<b>92,302</b>	<b>93,971</b>
Property, plant and equipment, net of accumulated depreciation and amortization of \$84,374 and \$878,751, respectively	441,825	444,377
Operating lease right-of-use assets	28,825	—
Goodwill	285,828	282,738
Intangible assets, net	28,721	24,787
Deferred assets	1,586	1,248
Equity method investments	18,264	18,264
Deferred income taxes	4,577	6,888
Other non-current assets	18,352	18,270
<b>Total assets</b>	<b>\$ 912,450</b>	<b>\$ 789,546</b>

The accompanying notes are an integral part of these consolidated financial statements.

# 10<sup>th</sup> Annual Undergraduate Stock Pitch Challenge



**CADILLAC FINANCIAL SYSTEMS, INC. AND SUBSIDIARIES**  
**CONDENSED BALANCE SHEETS** (continued)  
 (in thousands, except for share and per share data)

	December 31, 2021	December 31, 2020
<b>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>		
<b>CURRENT LIABILITIES</b>		
Current maturities of debt	\$ 1,301	\$ 1,298
Current operating lease liabilities	5,750	—
Accounts payable	95,896	97,288
Accounts payable and related expenses	94,375	95,888
Accrued interest	2,090	2,413
Contract liabilities	1,799	1,974
Current accrued litigation, closure and post-closure costs	94,223	94,428
Other accrued liabilities	21,098	21,018
<b>Total current liabilities</b>	<b>1,818,082</b>	<b>191,897</b>
Debt, less current portion	195,001	140,000
Operating lease liabilities, less current portion	76,798	—
Accrued litigation, closure and post-closure costs, less current portion	91,794	91,400
Deferred income taxes	2,043	2,238
Other long-term liabilities	94,763	94,763
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>STOCKHOLDERS' EQUITY (DEFICIT)</b>		
Cadillac Financial Systems, Inc. stockholders' equity (deficit)		
Class A common stock, \$0.01 per value per share, 100,000,000 shares authorized; 94,803,000 and 91,346,000 shares issued and outstanding, respectively	400	400
Class B common stock, \$0.01 per value per share, 1,000,000 shares authorized; 988,000 shares issued and outstanding; 0.0001 per share	—	—
Additional paid-in capital	485,302	373,734
Retained deficit	(257,265)	(288,000)
Accumulated other comprehensive loss, net of tax	(9,842)	(1,300)
<b>Total stockholders' equity (deficit)</b>	<b>1,118,795</b>	<b>(15,166)</b>
<b>Total liabilities and stockholders' equity (deficit)</b>	<b>\$ 2,936,877</b>	<b>\$ 176,731</b>

The accompanying notes are an integral part of these consolidated financial statements.

# 10<sup>th</sup> Annual Undergraduate Stock Pitch Challenge



CLARUSIA WHITE SYSTEMS, INC. AND SUBSIDIARIES  
 CONSOLIDATED STATEMENTS OF OPERATIONS  
 (in thousands)

	Fiscal Year Ended		
	2017	2016	2015
<b>Revenue</b>	\$ 14,200	\$ 10,000	\$ 10,000
<b>Operating expenses:</b>			
Cost of operations	38,000	42,200	40,000
General and administrative	10,700	10,700	10,000
Depreciation and amortization	75,700	75,000	62,000
Goodwill & intangible asset changes net	1,700	8,000	10,000
Withheld costs - multiemployer pension plan	1,000	—	—
Expenses from acquisition activities and other items	1,000	1,000	170
Contract settlement charge	—	1,000	—
Development project charge	—	100	—
	130,100	139,900	122,000
<b>Operating income (loss)</b>	1,100	1,100	11,000
<b>Other income (expense):</b>			
Interest income	100	100	100
Interest expense	2,000	2,000	2,000
Loss on debt extinguishment	—	1,000	50
Impairment of investments	—	1,000	—
Other income	1,000	100	100
<b>Other expense, net</b>	1,900	2,000	2,000
Income (loss) before income taxes	2,100	1,100	11,000
Income tax expense	1,000	1,000	1,000
<b>Net income (loss)</b>	\$ 1,100	\$ 1,100	\$ 10,000

The accompanying notes are an integral part of these consolidated financial statements.

# 10<sup>th</sup> Annual Undergraduate Stock Pitch Challenge



**LANGLIA WHITE SYSTEMS, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2015**  
**(in thousands)**

**Langlia White Systems, Inc. Includes Equity Incentive**

	2015	2015		2015		2014	2014	2014
		Q3	Q2	Q3	Q2			
Revenue	1,232	1,232	1,232	1,232	1,232	1,232	1,232	1,232
Cost of Revenue	175	175	175	175	175	175	175	175
Gross Profit	1,057	1,057	1,057	1,057	1,057	1,057	1,057	1,057
Operating Expenses	25,785	25,785	25,785	25,785	25,785	25,785	25,785	25,785
Operating Income	(24,728)	(24,728)	(24,728)	(24,728)	(24,728)	(24,728)	(24,728)	(24,728)
Other Income	1,232	1,232	1,232	1,232	1,232	1,232	1,232	1,232
Income Before Income Taxes	(23,496)	(23,496)	(23,496)	(23,496)	(23,496)	(23,496)	(23,496)	(23,496)
Income Tax Expense	1,232	1,232	1,232	1,232	1,232	1,232	1,232	1,232
Net Income	(24,728)	(24,728)	(24,728)	(24,728)	(24,728)	(24,728)	(24,728)	(24,728)

The accompanying notes are an integral part of these condensed financial statements.

# 10<sup>th</sup> Annual Undergraduate Stock Pitch Challenge



COHELLA WHITE PHYSICAL, INC. AND SUBSIDIARIES  
 CONSOLIDATED STATEMENTS OF CASH FLOWS  
 (in thousands)

	Year Ended December 31		
	2024	2023	2022
<b>Cash Flows from Operating Activities</b>			
Net income (loss)	\$ 3,400	\$ 4,400	\$ (21,700)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	70,700	70,000	60,000
Depreciation of landfill operating lease obligations	7,700	8,700	8,400
Income generation on landfill and environmental remediation facilities	(2,000)	(2,700)	(4,000)
Reclassification of site insurance costs and decrease in long-term debt	2,000	2,000	2,000
Stock-based compensation	7,000	8,000	8,000
Operating lease right-of-use assets expense	2,000	—	—
Change from sale of property and equipment	(800)	(800)	40
Landfilling & landfill insurance necessary for existing activities	70	(6,270)	(6,000)
Development project change	—	(20)	—
Net cash expense from acquisition activities and other items	(6)	70	—
Gain on debt extinguishment	—	1,200	500
Depreciation of investments	—	1,000	—
Withdrawal of cash - multiemployer pension plan	2,200	—	—
Interest income earned	(2,200)	(2,200)	(21,000)
Changes in assets and liabilities, net of effect of acquisition and divestitures			
Accounts receivable	(2,400)	(2,000)	(4,000)
Landfill operating lease contract expirations	(2,300)	—	—
Accounts payable	2,700	2,000	2,000
Prepaid expenses, intangibles and other assets	(2,400)	200	(2,400)
Accrued expenses, contract liabilities and other liabilities	(21,000)	(8,200)	(800)
<b>Net cash provided by operating activities</b>	<b>25,000</b>	<b>28,000</b>	<b>27,200</b>
<b>Cash Flows from Investing Activities</b>			
Acquisitions, net of cash acquired	(27,070)	(48,000)	(21,000)
Refund on property, plant and equipment	(20,000)	(27,000)	(20,000)
Payments on landfill operating lease contracts	—	(2,000)	(2,000)
Proceeds from sale of property and equipment	70	870	70
Proceeds from landfilling & landfill insurance necessary for existing activities	—	2,000	—
Proceeds from property insurance settlements	90	90	—
<b>Net cash used in investing activities</b>	<b>(27,000)</b>	<b>(24,000)</b>	<b>(23,000)</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds from debt borrowings	90,000	80,700	80,000
Principal payments on debt	(20,070)	(20,000)	(20,000)
Payments of debt insurance costs	(2,000)	(2,070)	(2,000)
Proceeds from the exercise of share-based awards	2,000	470	1,270
Proceeds from the public offering of Class A Common Stock	80,000	—	—
Proceeds from engagement sale of Class B Common Stock	2000	—	—
<b>Net cash provided by cash and financing activities</b>	<b>42,000</b>	<b>39,000</b>	<b>38,000</b>
Net decrease/increase in cash and cash equivalents	1,000	1,000	1,000
Cash and cash equivalents, beginning of period	2,000	1,000	2,000
Cash and cash equivalents, end of period	\$ 3,000	\$ 2,000	\$ 3,000