



LCC ASIA PACIFIC
CORPORATE FINANCE & STRATEGIC ADVISORY

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China's Environmental Investment and M & A

China's natural growing appetite for environmental solutions to meet a changing World

19th November 2019

High Level Discussion Document



WINNER
BOUTIQUE INVESTMENT BANKING FIRM OF THE YEAR
The M&A Advisor Awards, 11th International M&A Awards 2019, New York



China Demand For A Cleaner Environment



Data demonstrates both the challenges & the progress made

- Targeted foreign investment by China continues under the Belt & Road Initiative, with key areas including the environmental technology & environmental services sectors
- A part of the strategy, which makes sense, is for technology and solutions to be able to be “reversed” into China. Not for sinister reasons, however, but rather to leverage the challenge it naturally has in dealing with a large population & sprawling cities
 - **Research conducted back in 2010 identified 102 cities that back then had a population of over 1 million citizens**
- Plastic continues to be a focal point for the global community and not just China. Data supports the “dumping ground” that Asia has become for plastic waste – including importantly from the USA market
 - Finding solutions to deal with the ever increasing production of plastic will continue to be a priority
- The opportunities for both investment & mergers & acquisitions in the Environmental Sector will only increase moving forward and include:
 - ✓ Solutions focused on air and water quality – including both metro and industrial application
 - ✓ Services & technologies aimed at remediation of land, “scrubbing” of air systems (*including next generation of HVAC*) & conversion of waste into alternate useful products

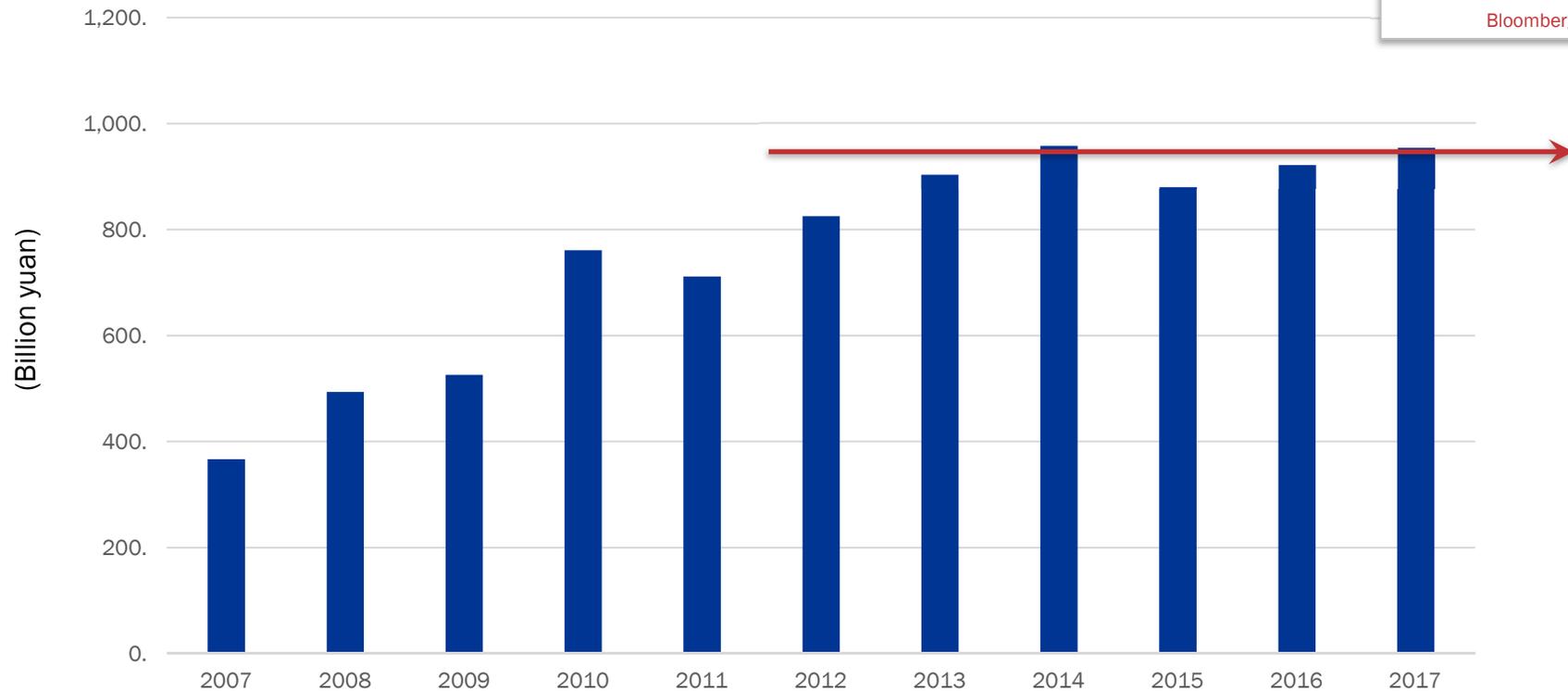
▪ **LCC predicts that both outbound Direct Investment and Mergers & Acquisitions (from VC through to buyout) activity from China will continue to be strong in the “Environmental Sector”**

China Environmental Pollution Investment



China's total investment has remained relatively flat in terms of total investment made

China's Total Investment In The Treatment Of Environmental Pollution
- 2007 to 2017



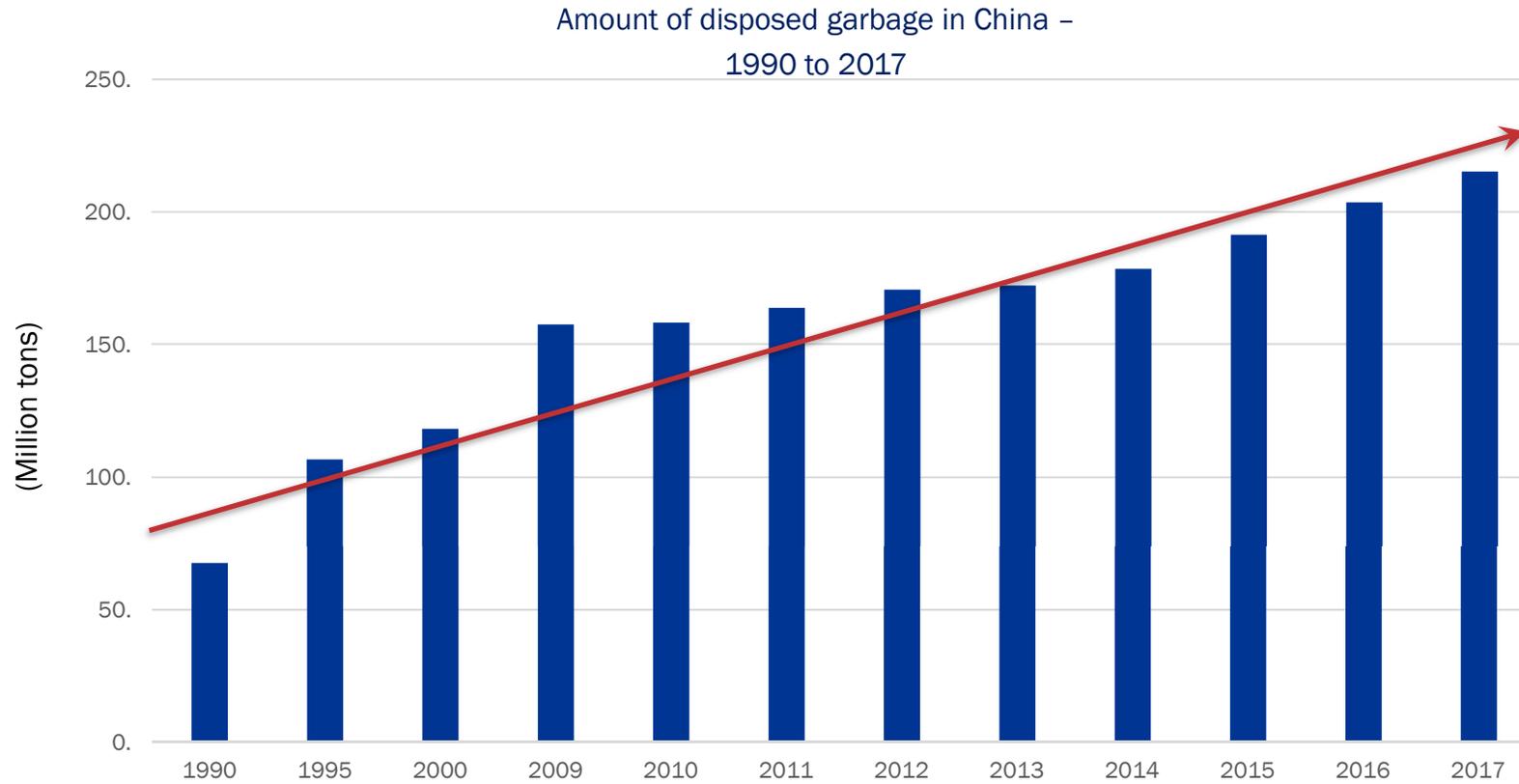
China's air pollution is estimated to cause 1.6 million deaths per year

Bloomberg, March 9, 2018

China Waste Management Volumes



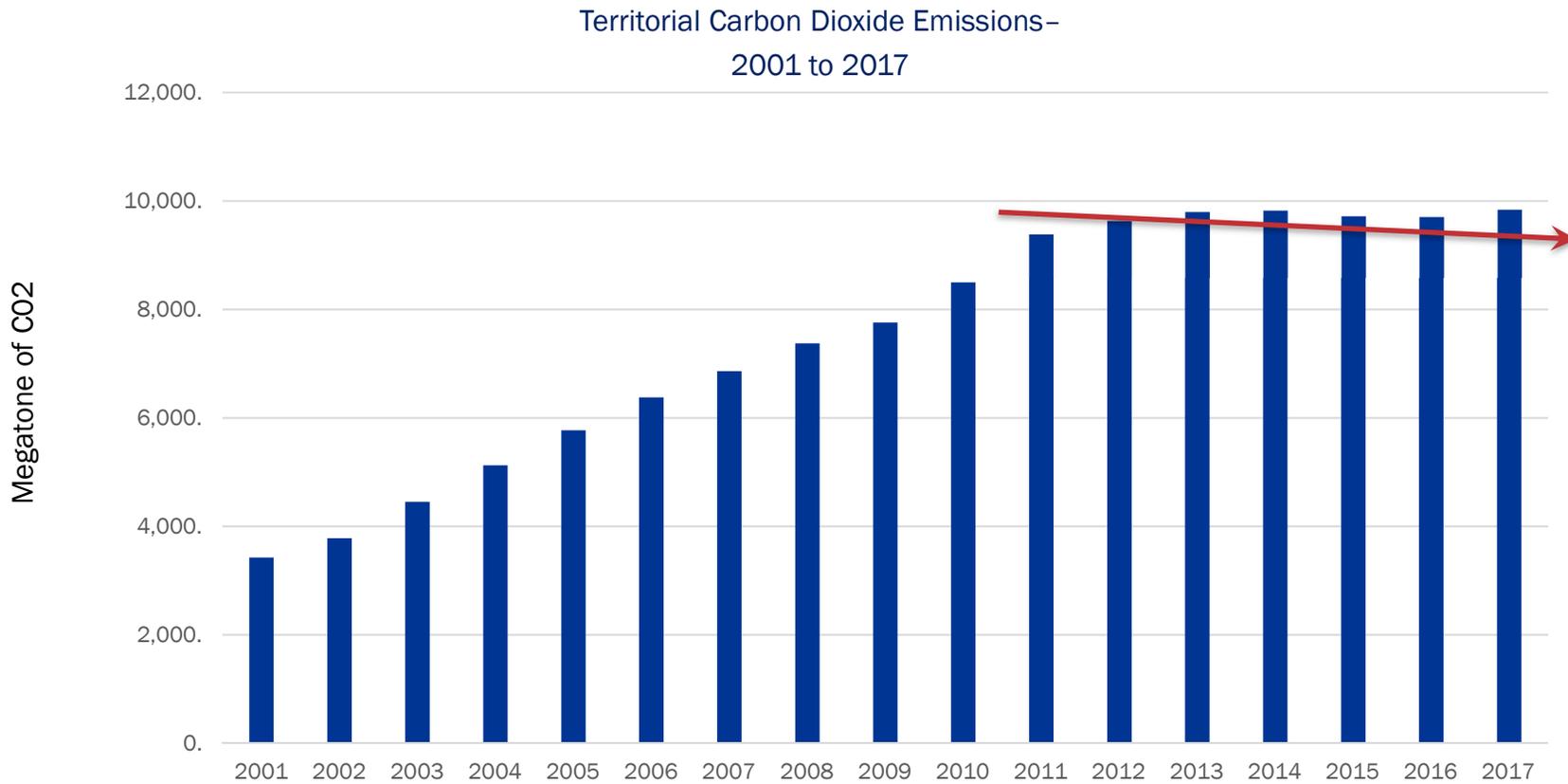
With a growing middle class, the amount of waste continues to rise



China CO2 Emissions



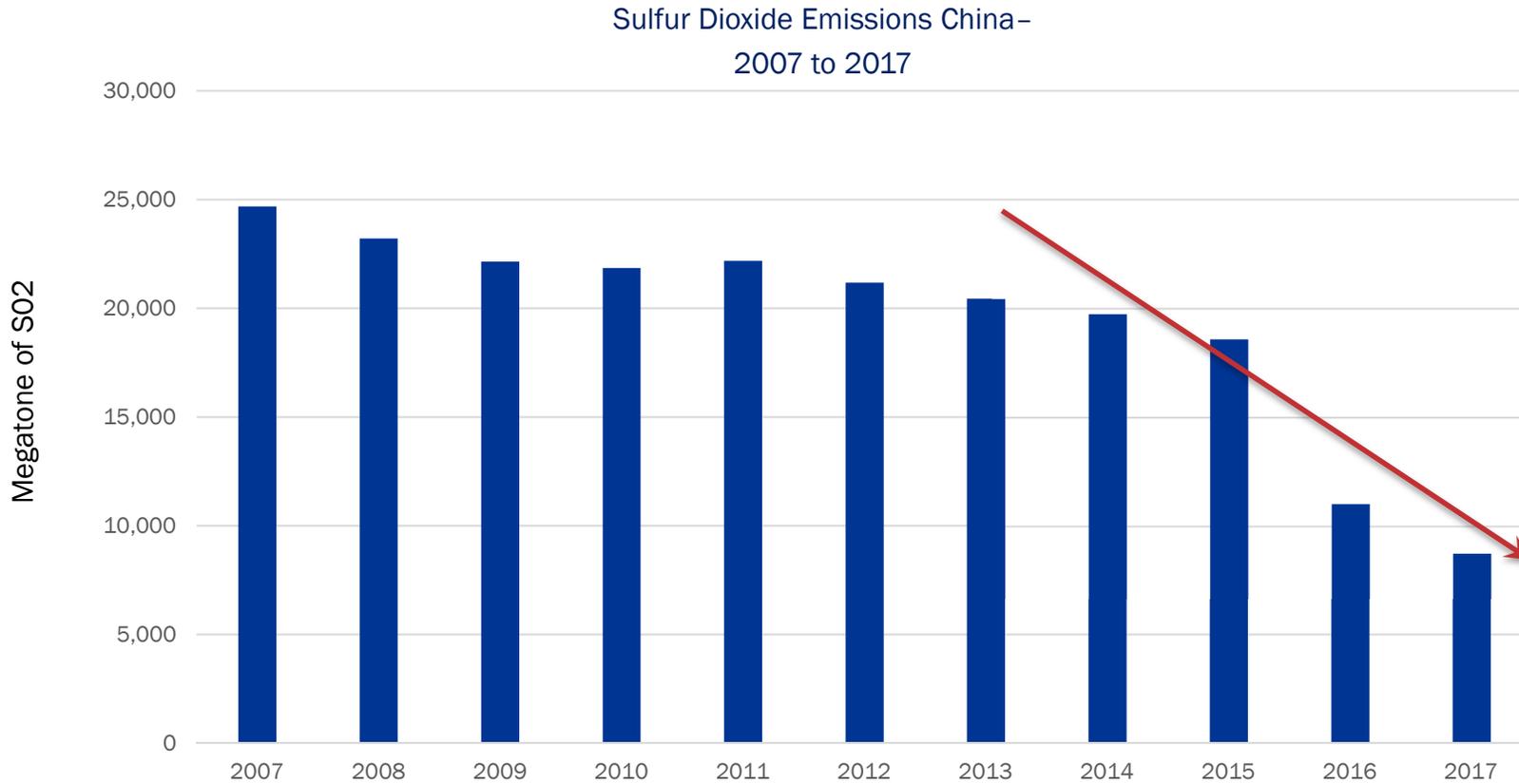
Flattening trend over the last 5 years



China Sulphur Dioxide Emissions



Rapidly declining trend – in part driven by focus on coal fired power (SOX & NOX)

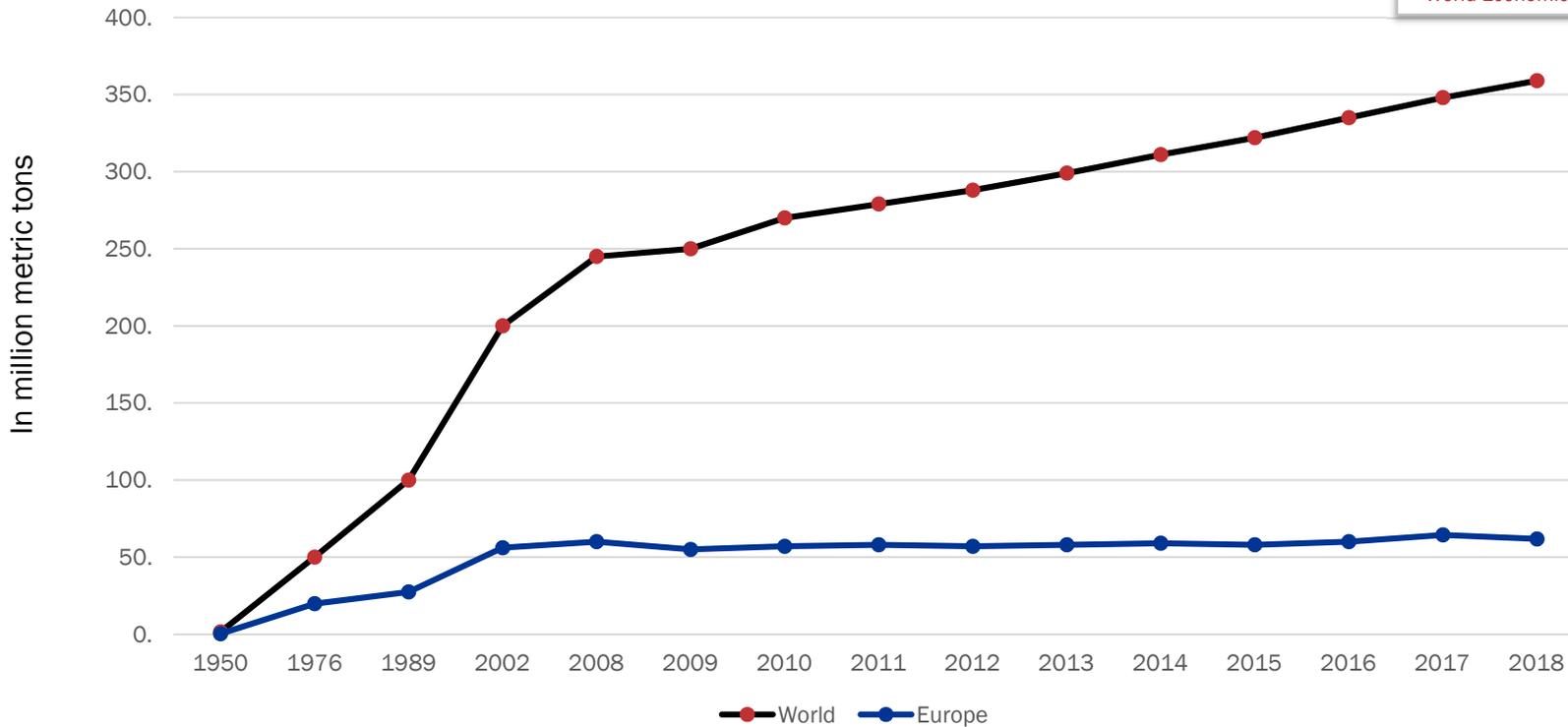


Global vs Europe Plastic Production



Plastic is an “evil” of the emerging middle class _think soft drink bottles alone

Production of Plastic Globally-
1950 to 2018



“The water where baby fish are outnumbered 7 to 1 by plastic” – Hawaii.....
World Economic Forum, November 15th 2019

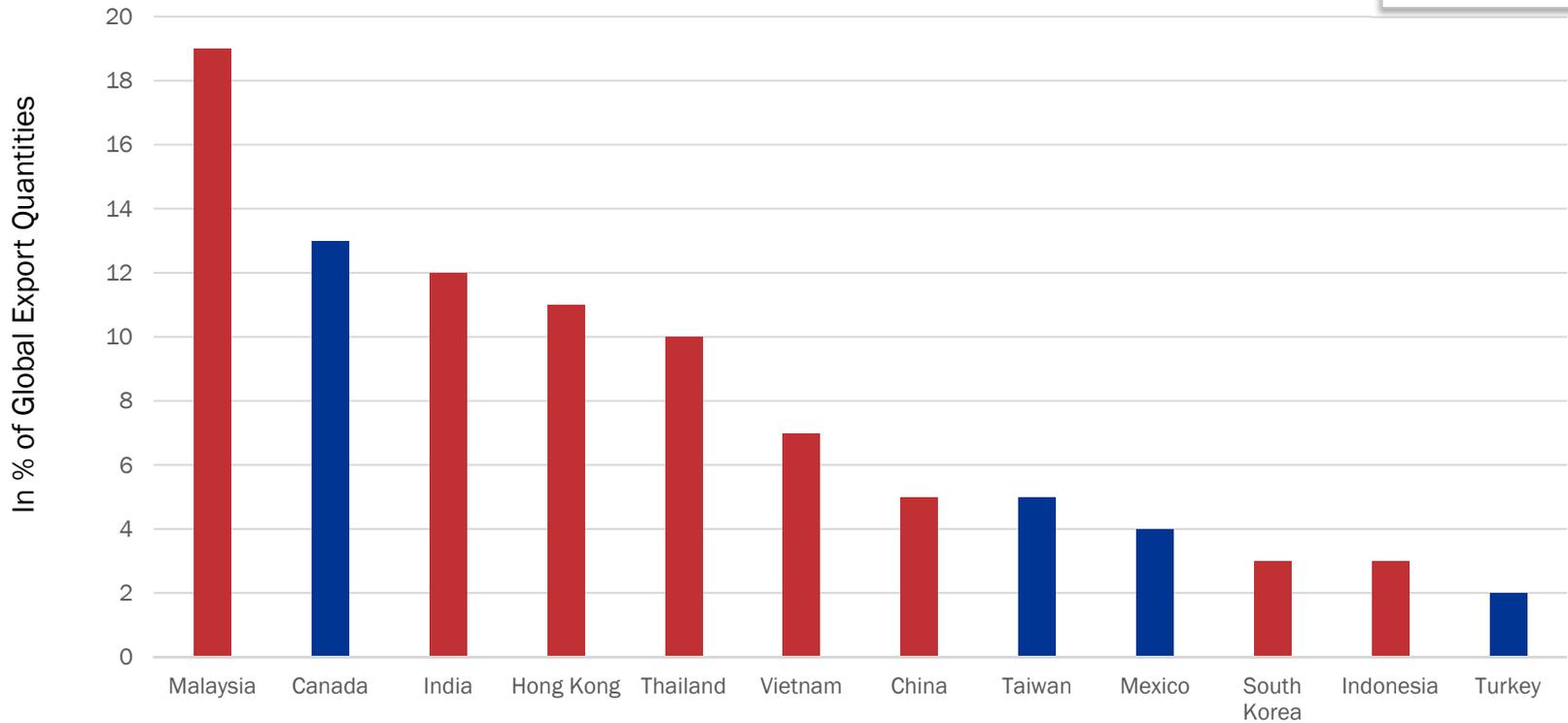


USA Distribution Of Plastic Waste Exports

Asian countries (including China) are the dominant export destinations

“China’s biggest dump is already full – 25 years early”
Fox News, November 15th 2019

US Plastic Waste Export By Country – 2018



Asian Countries Highlighted In Red

Source: LCC Analysis, Statista, US Census Bureau, Plastic Pollution Coalition
19 November 2019

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