

FALL 2024

# WASTE & RECYCLING Insight

MERGERS AND ACQUISITIONS, PRIVATE CAPITAL  
AND FINANCIAL ADVISORY SERVICES

Industry Summary  
& Outlook

Notable  
Transactions

Transactions  
Summary YTD

Quarterly  
Earnings Recap



INVESTMENT BANKING

# Waste & Recycling Industry 2024

## Market Dynamic and Growth Trends in Waste Management

The waste management sector continues demonstrating resilience and growth in 2024, with M&A activity remaining robust. Both strategic buyers and private equity firms are actively pursuing acquisitions, driving ongoing consolidation as larger players seek to expand their geographic footprint and service offerings. The industry is experiencing elevated EBITDA multiples, averaging 12.5x in YTD 2024, up from 10.2x in 2023, indicating strong buyer interest and competition for quality assets. There's an increased emphasis on sustainability and environmental services, prompting investments in recycling, waste-to-energy, and other green technologies.

## M&A Activity and Strategic Outlook for 2024

Looking ahead to late 2024 and 2025, the sector is poised for further consolidation, driven by strategic buyers leveraging their strong cash positions and an expected return of PE investors. Companies with strong sustainability credentials, efficient operations, and technological advantages will likely command premium valuations. Expect more firms to diversify their portfolios through acquisitions in environmental services and special waste management sectors. There's also growing interest in companies offering innovative waste management technologies, particularly those enhancing recycling efficiency or enabling waste-to-energy conversion.

## Key Sectors and Future Opportunities

Key sectors to watch include waste-to-energy, recycling technology, and environmental services. Companies developing advanced sorting and processing technologies or offering specialized environmental remediation and hazardous waste management services are likely to attract significant investor attention. The waste management sector's essential nature, coupled with increasing focus on sustainability and technology integration, continues to drive investor interest and strategic acquisitions.

## Financial Performance:

- **Revenue Growth:** Leading companies reported significant revenue increases. Waste Management (WM) achieved a 7.9% year-over-year revenue rise, reaching \$5.61 billion.
- **Earnings Improvement:** WM's net income grew by 14.6% to \$760 million, while Waste Connections reported a 15.4% increase in adjusted earnings per share.

## Mergers and Acquisitions (M&A):

- **Increased Activity:** Major waste companies collectively spent approximately \$1.45 billion on acquisitions in Q3 2024, marking a significant uptick from previous quarters.
- **Notable Deals:** WM announced plans to acquire Stericycle for \$7.2 billion, aiming to expand its service offerings.

## Operational Highlights:

- **Pricing Strategies:** Companies implemented disciplined pricing, contributing to revenue growth. WM reported a core price increase of 6.5%.
- **Technology Upgrades:** Leading companies invested heavily in advanced technologies, including automation in recycling facilities and enhanced route optimization software.

## Sustainability Initiatives:

- **Renewable Energy Investments:** WM advanced its renewable natural gas projects, commissioning multiple facilities expected to contribute significantly to future production.
- **Recycling Enhancements:** The industry invested in recycling infrastructure, with WM completing several facility upgrades, adding substantial annual recycling capacity.

## Notable M&A Transactions 2024



Waste Management (NYSE:WM) announced the acquisition of Stericycle (Nasdaq:SRCL), a leader in medical waste services, for an enterprise value of \$7.2 billion, equivalent to 2.9x EV/Revenue and 13.8x EV/EBITDA. WM will acquire all outstanding shares of Stericycle for \$62.0 per share in an all-cash transaction, representing a 24% premium to Stericycle’s 60-day volume weighted average price as of May 23, according to a press release. The transaction is expected to deliver approximately \$125 million in projected annual synergies by adding a leading platform of differentiated services in attractive Medical Waste and Secure Information Destruction markets to WM’s suite of environmental solutions. The robust growth outlook for Healthcare Services in the U.S. provides a strong business mix to WM’s core Solid Waste business. *Acquisition Date 6/3/2024*



WASTE CONNECTIONS  
*Connect with the Future®*

In May, leading waste services provider, Waste Connections (NYSE:WCN) acquired Pioneer Recycling Services from Delos Capital and the Silverfern Group for an undisclosed sum. Pioneer is a provider of high technology, reliable environmental services and sorting solutions for comingled residential and commercial recycling across the Pacific Northwest. “Over the course of our investment, we executed our value creation strategy by investing in state-of-the-art equipment and creating best-in-class material recovery facilities,” said Jordan Mondshine, Principal at Delos, in a press release. Through the acquisition, Waste Connections has diversified its offerings and added significant recycling capability by adding Pioneer, which is uniquely positioned with advanced sorting technology and world-class MRFs. *Acquisition Date 5/2/2024*



ENVIROSERVE®

One Rock Capital Partners backed-EnviroServe acquired specialty environmental remediation, emergency response, and waste management services provider CG Environmental in May. The terms of the deal were not disclosed. The transaction adds state-of-the-art, proprietary equipment, including CG Environmental’s Annihilator solutions—which enables customers to clean up spills on pavements more efficiently than traditional solutions. This acquisition enhances EnviroServe’s suite of environmental and waste management services. This is EnviroServe’s first acquisition since it was acquired by One Rock Capital Partners (June 2022, undisclosed) as they look to overcome environmental challenges, mitigate risk, and drive sustainability for customers. *Acquisition Date 5/9/2024*



# Transactions Summary 2024

Date	Target	Acquirer	Target Business Description
Oct-24	Dumpster Depot	Capital Waste Services	Dumpster Depot offers dumpster rental services for various projects, catering to both residential renovations and commercial construction needs efficiently.
Oct-24	EBV	Heritage Environmental Services	An environmental services firm focused on providing comprehensive waste management solutions while promoting sustainability across various industries.
Sep-24	Savannah Glass Recycling	ABC Waste	Focuses on recycling glass materials, providing services that help reduce landfill waste while promoting sustainable practices within the community.
Sep-24	Miller Environmental Group	Coalesce Capital	A vertically-integrated environmental remediation firm that specializes in managing hazardous waste while offering innovative solutions for cleanup projects.
Sep-24	Evergreen Environmental Partners	Meridian Waste	evergreen offers sustainable waste management solutions, emphasizing recycling and community education to promote eco-friendly practices.
Sep-24	Basin Disposal	Texas Pride Disposal	Provider of regional waste collection services with a focus on customer satisfaction and environmentally responsible disposal methods.
Sep-24	Ragin' Raccoon	Trash Caddies	Provider of trash removal service that caters to both residential and commercial clients, known for its friendly service and commitment to community needs.
Sep-24	Green Planet	Triumvirate Environmental	An eco-friendly waste management company that prioritizes sustainability by offering comprehensive recycling programs alongside traditional disposal services.
Sep-24	Royal Waste Services	Waste Connections	Royal Waste delivers a wide range of waste management solutions, focusing on both residential and commercial sectors while emphasizing customer care.
Sep-24	Unlimited Disposal	Waste Eliminator	A full-service disposal company offering dumpster rentals and waste removal services tailored to meet various client needs efficiently.
Sep-24	Stinky Pinky	Waste Pro	Stinky Pinky Specializes in portable toilet rentals for events and construction sites, ensuring cleanliness and convenience for users.
Sep-24	Viking Sanitation	Interstate Waste Services	Provides sanitation services for both residential and commercial sectors, focusing on reliability and customer satisfaction in all operations.
Aug-24	C&C Sanitation Services	Amwaste	A waste management company that offers comprehensive sanitation services, focusing on residential and commercial needs while ensuring environmentally responsible practices.
Aug-24	Harrah Disposal	Cards Recycling	Provides waste disposal services tailored for both residential and commercial clients, emphasizing reliability and customer satisfaction in Oklahoma.

# Transactions Summary 2024

Date	Target	Acquirer	Target Business Description
Aug-24	River Valley Solid Waste Removal	Cards Recycling	Specializes in solid waste collection and disposal, serving various communities with a commitment to efficient and sustainable waste management solutions.
Aug-24	Stacy's Trash Service	Cards Recycling	A family-owned business dedicated to providing personalized trash collection services, ensuring that local residents receive reliable and friendly service.
Aug-24	Whitetail Disposal	Casella Waste Systems	Focuses on waste management in rural areas, offering tailored solutions to meet the unique challenges of less densely populated regions.
Aug-24	Environmental Projects	EnviroServe	An environmental consulting firm that provides waste management solutions while focusing on sustainability and compliance with environmental regulations.
Aug-24	Marangi Disposal	Interstate Waste Services	Offers waste collection and recycling services, aiming to reduce landfill contributions through effective recycling programs and community engagement.
Aug-24	Total Garbage	Meridian Waste	A full-service waste management company that provides a range of disposal options while prioritizing customer service and environmental responsibility.
Aug-24	Lincoln Waste Solutions	Reconomy	Focuses on innovative waste reduction strategies and recycling initiatives to help communities minimize their environmental footprint.
Aug-24	Vermilion	Reconomy	Provides a variety of environmental services including waste management, focusing on sustainable practices and community involvement.
Aug-24	Reed Minerals	Speyside Equity	Specializes in the extraction and management of industrial minerals while incorporating sustainable practices in their operations.
Aug-24	Long Island Waste Services	Terramont Infrastructure Partners	A waste collection service that caters to the unique needs of Long Island residents, offering reliable disposal solutions with a focus on customer service.
Aug-24	Global Electronics Recycling	Tide Rock	Dedicated to the recycling of electronic waste, ensuring proper disposal methods that comply with environmental standards while promoting sustainability.
Aug-24	Denali Water Solutions (assets)	Synagro Technologies	Synagro will acquire Denali's municipal biosolids services business in California in exchange for Synagro's industrial non-biosolids organics assets in Arkansas and Missouri
Aug-24	Synagro Technologies (assets)	Denali Water Solutions	Denali's will acquire Synagro's industrial non-biosolids organics assets in Arkansas and Missouri in exchange for Denali's municipal biosolids services business in California.
Aug-24	Joro Carting	Interstate Waste Services	A waste hauling service that offers flexible carting solutions for both residential and commercial clients, ensuring efficient waste removal processes.

# Transactions Summary 2024

Date	Target	Acquirer	Target Business Description
Jul-24	Veolia North America Sulfuric Acid	American Industrial Partners	Specializes in sulfuric acid regeneration, recycling, and disposal services in North America.
Jul-24	WM (assets)	Apex Waste Solutions	WM largest waste management company in North America sold three hauling sites and transfer station in Teller County Colorado
Jul-24	LMR Disposal	Casella Waste Systems	Regional waste management company providing residential, commercial, and industrial waste collection and disposal services.
Jul-24	Key City Compost	Compost Crew	Composting company turning organic waste into high-quality compost for agricultural and landscaping uses.
Jul-24	Aaron Materials	Heidelberg Materials	Involved in recycling and waste management services, focusing on construction and demolition waste processing.
Jul-24	Best Trash	H.I.G. Capital	Waste collection and disposal service provider for residential and commercial clients in the southern U.S.
Jul-24	Waste Connections (assets)	Mammoth Environmental	Mammoth environmental acquired the Highlands County contract in the state of Iowa from Waste Connections
Jul-24	Bunting Disposal	Mountain High Disposal	Regional waste collection company providing residential and commercial waste disposal services.
Jul-24	Harbor Environmental	Terracon	Environmental consulting and waste management firm offering waste remediation, compliance, and hazardous waste disposal services.
Jul-24	Winters Bros. Waste Systems	WM	Waste management company serving residential, commercial, and industrial customers in the northeastern U.S.
Jul-24	First Choice Disposal	York1	Company providing residential and commercial waste collection and disposal services.
Jun-24	Twin Enviro Services	Apex Waste Solutions	Regional waste management and recycling company offering waste solutions including landfill management and composting services.
Jun-24	Waste Control	Certified Waste Solutions	Waste Control specializes in waste and recycling services for residential and commercial sectors.
Jun-24	Gel Recycling	FCC Environmental Services	Focuses on recycling construction and demolition debris, offering waste processing and recycling services.

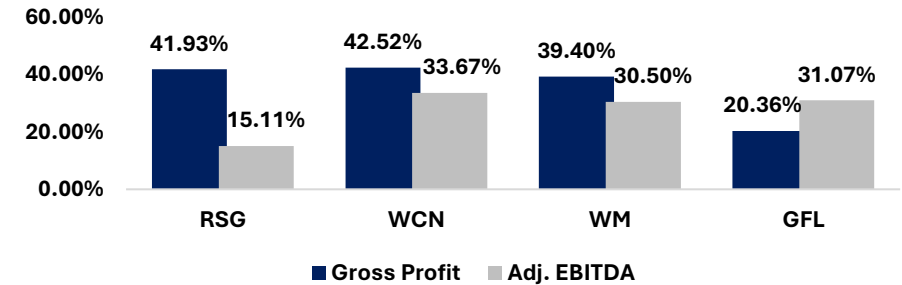
# Quarterly Earnings Recap Market Leaders

## Operating Data

(\$ millions)	Revenues							Capex	
	Total	Collection			Recycling	Landfill / Trans.	Others / Intero	Growth	Maint.
		Residential	Comm./Ind.	C&D					
<b>Company</b>									
Republic Services (RSG)	<b>4,076</b>	740	1,209	775	587	1,227	-461	400	1,357
Waste Connections (WCN)	<b>2,338</b>	574	680	368	224	777	-285	2,010	659
Waste Management (WM)	<b>5,609</b>	897	2,567	822	591	1,986	-1,254	170	2,116
GFL Environmental (GFL)	<b>2,015</b>	342	720	0	637	503	-188	62	281

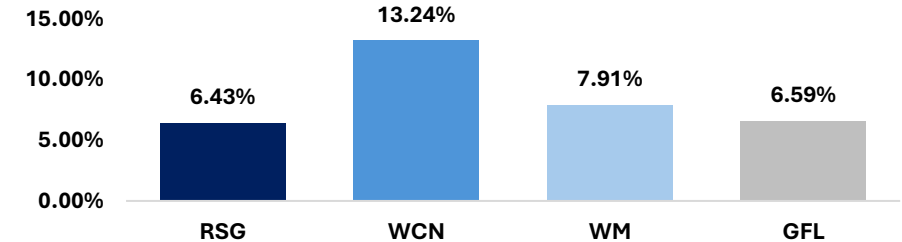
## Margin Analysis

Margin	Gross Profit	Adj. EBITDA
RSG	41.93%	15.11%
WCN	42.52%	33.67%
WM	39.40%	30.50%
GFL	20.36%	31.07%



## 2024 Quarterly Revenue Summary

Total Revenue	Q3 2024	Q3 2023	Change (%)
RSG	4,076	3,830	6.43%
WCN	2,338	2,065	13.24%
WM	5,609	5,198	7.91%
GFL	2,015	1,890	6.59%

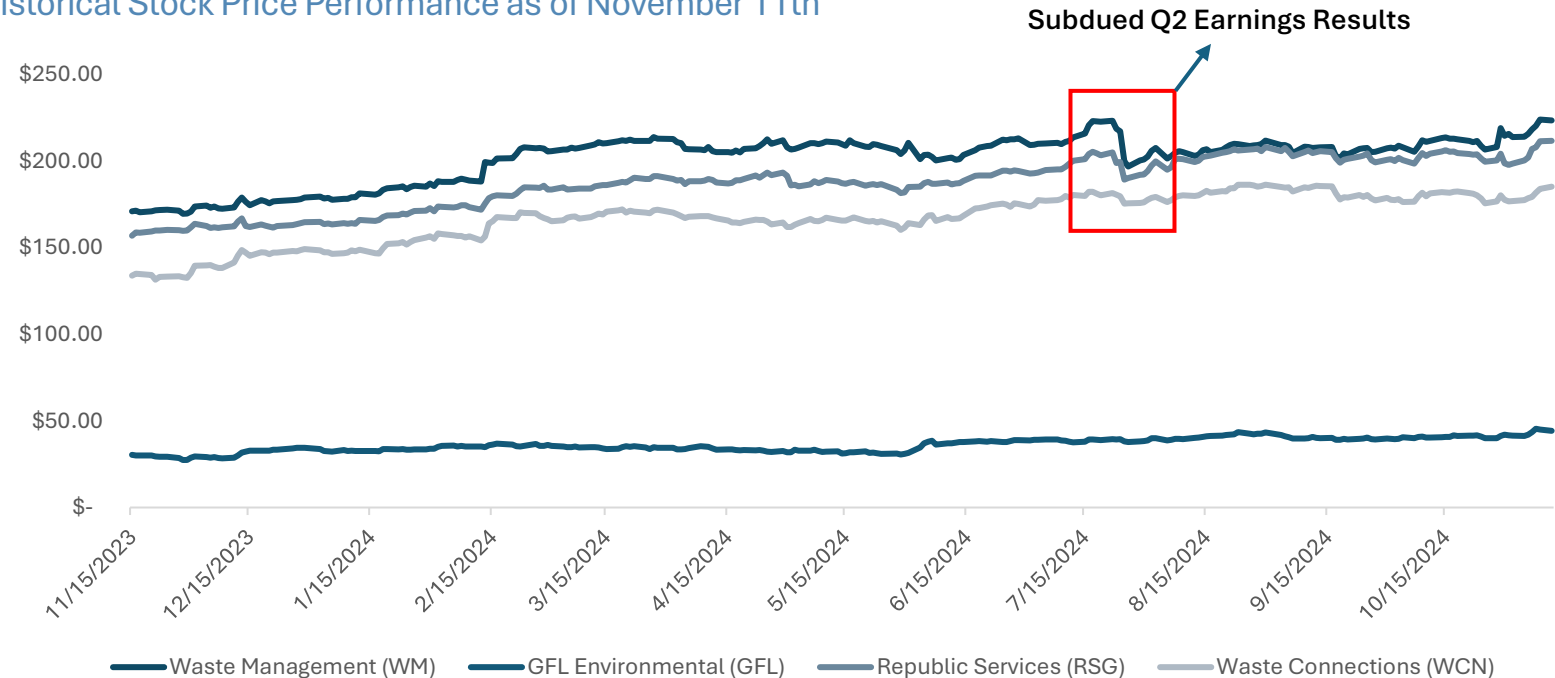


# Quarterly Earnings Recap Market Leaders

## Valuation Metrics

(\$ millions, except share price) Company	Price 11/11/2024	% Change YoY	Market Cap	Enterprise Value	Q3 2024		EV Multiple	
					EBITDA	Margin	Rev.	EBITDA
Republic Services (RSG)	\$211.82	35.4%	66,330	79,050	2,367	58.1%	19.4x	33.4x
Waste Connections (WCN)	\$185.36	43.0%	47,820	59,190	772	33.0%	25.3x	76.7x
Waste Management (WM)	\$223.62	32.2%	89,750	105,790	1,677	29.9%	18.9x	63.1x
GFL Environmental (GFL)	\$44.25	54.2%	17,410	24,540	700	34.7%	12.2x	35.1x

## Historical Stock Price Performance as of November 11th



Source: Yahoofinance.com



# Earnings Report



“As we'd anticipated, the third quarter set a new record for operating EBITDA margin at 30.5%, a year-over-year expansion of 90 basis points. This consistent growth underscores our commitment to delivering exceptional value to our shareholders. We remain focused on furthering our cost optimization efforts in our collection and disposal business and improving frontline retention.”



“We should be positioned for high single-digit adjusted EBITDA growth in 2025 on expected mid to high single-digit revenue growth, including approximately 2 percent revenue carryover from a record amount of private company acquisition activity expected to be completed in 2024, with upside potential from additional acquisition activity. We have completed a record year of private company acquisitions, adding over \$700 million in annualized revenue, positioning us for sustained growth.”



"Our strong performance during the third quarter is a direct result of executing our strategic priorities. By pricing ahead of cost inflation and effective cost management, we delivered double-digit growth in adjusted EBITDA and EPS and expanded adjusted EBITDA margin by more than 200 basis points. Our results continue to demonstrate the power of a well-designed strategy in driving sustainable growth and the value created for all stakeholders.”



"In August we announced our plans to further evaluate the potential sale of our Environmental Services business. We launched a robust process in September and have received several expressions of interest from highly reputable potential buyers at valuations that should net a minimum of \$6 billion in after tax proceeds with which we expect to repay at least \$3.5 billion of debt with the remainder available to be used for share buybacks and general corporate purposes.”


# Earnings Report



**REVENUE**  
**\$5.609B**  
 Up 7.9%  
 Driven primarily by core price of 6.5%.

**ADJUSTED EARNINGS PER DILUTED SHARE**  
**\$1.88**

**INVESTMENT IN ACQUISITIONS**  
  
**\$773M**


**VOLUME**  
  
**UP 1.4%**



**REVENUE**  
**\$2.338B**  
 Up 13.2%  
 Driven primarily by record Solid Waste growth led by 6.8% core pricing.

**ADJUSTED EARNINGS PER DILUTED SHARE**  
**\$1.19**

**INVESTMENT IN ACQUISITIONS**  
  
**\$2.01B**


**VOLUME**  
  
**DOWN 1.9%**



**REVENUE**  
**\$4.076B**  
 Up 6.4%  
 Revenue growth includes 4.2% organic growth and 2.3% growth from acquisitions.

**ADJUSTED EARNINGS PER DILUTED SHARE**  
**\$1.80**

**INVESTMENT IN ACQUISITIONS**  
  
**\$104M**


**VOLUMES**  
  
**DOWN 1.2%**



**REVENUE**  
**\$2.015B**  
 Up 6.6%  
 Driven primarily by 6% growth in core pricing offset by 0.7% volume decrease.

**ADJUSTED EARNINGS PER DILUTED SHARE**  
**\$0.32**

**INVESTMENT IN ACQUISITIONS**  
  
**\$440M**

**VOLUMES**  
  
**DOWN 0.7%**