



## ENVIRONMENTAL SERVICES SUMMARY REPORT

2023 - 2<sup>nd</sup> Quarter



### M&A Spotlight: Waste Collection Services

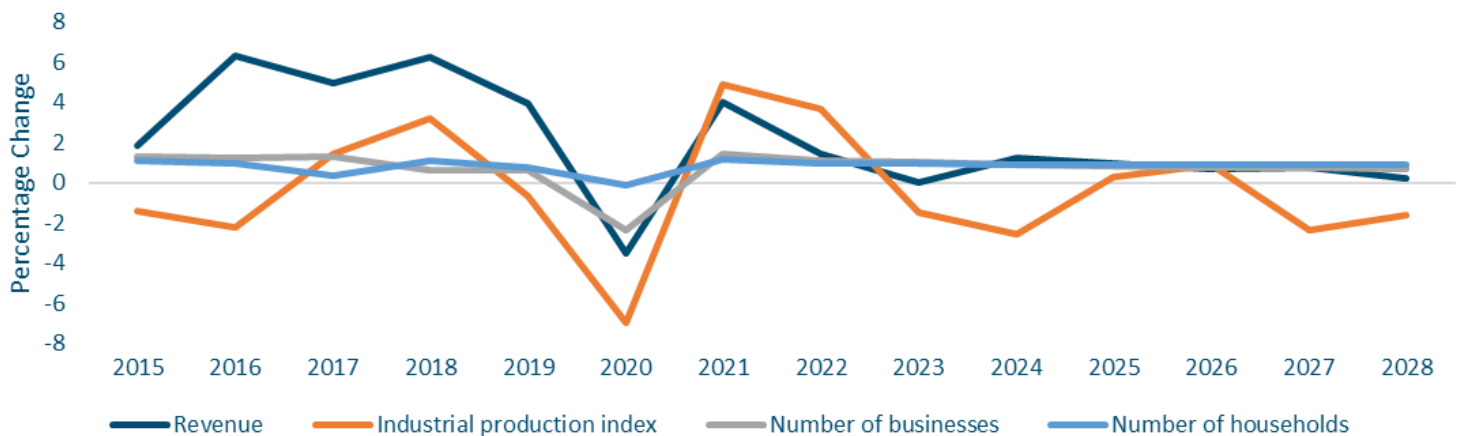
#### Industry mergers and acquisitions have increased over the last several years

- Most prominent companies have expanded their market share through mergers and acquisitions
- Foreign companies continue to purchase small, local businesses to expand their market to the US
- Consolidation makes it more difficult for smaller businesses to gain market share and compete in regional markets.
- Competition based on acquisitions has increased the price of investments and made it advantageous to be a larger company with more significant resources and access to capital.

#### Consolidation is creating room for specialization

- Larger companies have been disposing of operations with lower profit while simultaneously purchasing other businesses to improve efficiency and take advantage of economies of scale.
- As major downstream markets grow, demand for specialized waste collection services will increase, encouraging new businesses to enter the industry to meet this service growth.
- Increased recycling services will bolster the number of companies specializing in collecting and sorting recyclable materials.

### Industry Performance – Key Drivers



RCO Research, IBISWorld

## *Public acquisitions are expected to rise in second half of 2023*

The solid waste industry has seen significant M&A activity in the past couple of years, with publicly traded companies collectively spending an estimated \$4.29 billion on acquisitions in 2021 and \$6.3 billion in 2022. The largest deal in 2022 was Republic Services' purchase of US Ecology for \$2.2 billion.

Private equity buyers are also rather active in the industry, although the terms of their deals are not often publicly reported. M&A activity can be driven by a variety of factors, including a desire to expand into new markets or services, consolidation within an industry, or strategic moves to increase efficiency or reduce costs.



Republic Services spent \$2.67B in 2022 with acquisitions of US Ecology and other regional providers and will continue to focus on environmental and solid waste opportunities in 2023 with a projected spend of at least \$500M. “We’re looking for route-based businesses with customer contracts that we know that we will integrate into the business and drive value over time.” – CEO Jon Vander Ark.



WASTE CONNECTIONS, INC.

Waste Connections spent \$2.3 billion on acquisitions in 2022, all of which were in the solid waste sector and included both franchise and competitive markets. “Additional dialogue is ongoing” for another year of outsized acquisition activity in 2023, likely with more small and mid-sized acquisitions per CEO Worthing Jackman.



GFL Environmental spent \$938M in 2022 as the company continued its rapid growth trend since going public in 2020, largely driven by M&A activity. “Our plan back then was to double the size of the business in five to six years. The reality is we doubled the size of the business over two-and-a-half years,” says CEO Patrick Dovigi. Projected spend for GFL in 2023 is at \$222-370M.



WM spent \$377M in 2022 - projected spending for 2023 is at \$100-200M as the company “will continue to be opportunistic in pursuing the right deals at the right price” – CFO Devina Rankin .



Casella Waste Systems spent \$78.2M in 2022 and per CEO John Casella “Our pipeline remains very robust with over \$500 million in revenues of identified opportunities across our existing operating footprint,” he said. “We are currently in the late stages for several acquisitions and expect another year of strong activity.”

# RECENT PRIVATE TRANSACTIONS



Date	Target	Acquirer	Target Description
4/14/2023			<b>EcoSouth Florida, LLC</b> , a portfolio company of <b>Kinderhook Industries, LLC</b> announced the acquisition of <b>Z's Disposal, LLC</b> . Z's Disposal is a roll-off waste collection company with a container-to-container transfer station located in Port Charlotte, Florida.
4/3/2023			<b>Covanta</b> , a leader in sustainable materials management, announced it has entered into a definitive agreement to acquire <b>Circon Holdings, Inc.</b> , a portfolio company of <b>Kinderhook Industries</b> . Headquartered in La Porte, Texas, Circon is a full-service provider of environmental services with a customer base across more than 20 waste facilities in the Midwest, Southeast and Gulf Coast.
4/3/2023			<b>Whittinghill Disposal Services</b> , a key competitor in the commercial and industrial waste hauling services sector out of Muskogee, Oklahoma, was acquired by <b>CARDS Recycling</b> , a portfolio company of <b>Kinderhook Industries, LLC</b> .
3/20/2023			<b>Absolute Waste Services</b> , founded in 2001 and a provider of residential, commercial, and roll off waste collection services based in Corpus Christi, Texas was acquired by <b>Frontier Waste Solutions</b> , a Dallas based non-hazardous solid waste and recycling collection service company.
3/17/2023			<b>Capital Waste Services, LLC</b> , a portfolio company of <b>Kinderhook Industries, LLC</b> acquired <b>Sandlands C&amp;D Landfill of SC, LLC</b> , a class II construction and demolition landfill and roll-off hauling company located in Gresham, South Carolina.
2/13/2023			<b>Capital Waste Services, LLC</b> , a portfolio company of <b>Kinderhook Industries, LLC</b> , announced the acquisition of <b>Southern Central Waste Services, LLC</b> and <b>Priority Waste Services, Inc.</b> . Southern Central is a roll-off waste collection company that operates a network of three transfer stations in Tennessee. Priority is a commercial, residential, and roll-off waste collection company with an MSW transfer station located in Soddy Daisy, Tennessee.
2/8/2023			<b>BP Environmental Services</b> , a portfolio company of <b>Expedition Capital Partners</b> and <b>Tecum Capital Partners</b> , acquired <b>ASI Comprehensive Waste Management</b> of Newark, Delaware. ASI provides asset-light waste management and recycling services for multi-location customers in forty-eight states and Canada.
2/8/2023			<b>New MainStreet Capital</b> , an investment firm based in New York, New York acquired <b>Texas Pride Disposal</b> , a provider of non-hazardous solid waste hauling and recycling collection services to residential and commercial customers in the greater Houston metro area.
1/19/2023			<b>EnviroServe Inc.</b> , a leading national provider of environmental remediation, waste management and emergency response services from over 35 locations across the U.S. was acquired by <b>One Rock Capital Partners</b> , a private equity firm based out of New York.

Source: Public Company Filings; Company Press Releases; RCO Research

# ROMANCHUK & CO. FIRM CAPABILITIES



Romanchuk & Co. is a boutique investment banking firm providing strategic advisory services to our clients across the middle-market, including sourcing, initiating, structuring and negotiating mergers and acquisitions raising capital, as well as providing valuation and restructuring services. Our team of licensed investment banking professionals specializes in advising owners and

investors of privately-held businesses, private equity firms and corporations on the preparation and sale of their company, facilitating mergers and acquisitions, guiding companies through capital raises, and assisting in identifying and executing upon strategic opportunities. For more information, please visit our website at [www.romanchukco.com](http://www.romanchukco.com).

## INDUSTRY EXPERTISE

Our most recently closed deals showcase our firm's unique ability to execute transactions across the utility services sector, while maximizing value for our clients in the middle-market. Drawing on our collective industry experience and strengths, Romanchuk & Co. is focused on providing creative, impactful M&A strategies to our clients across the diversified industrials sector.



## INDUSTRY RECOGNITION



Romanchuk & Co.'s recent transaction "Front Line Power Construction Acquired by Orbital Infrastructure Group" was selected as the 2022 Utility, Power & Infrastructure Deal of the Year by the Houston Chapter of the Association for Corporate Growth. The transaction was also selected as the winner of the Houston Impact Award, which recognizes the transaction that drives the most middle-market growth in the Houston region.

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