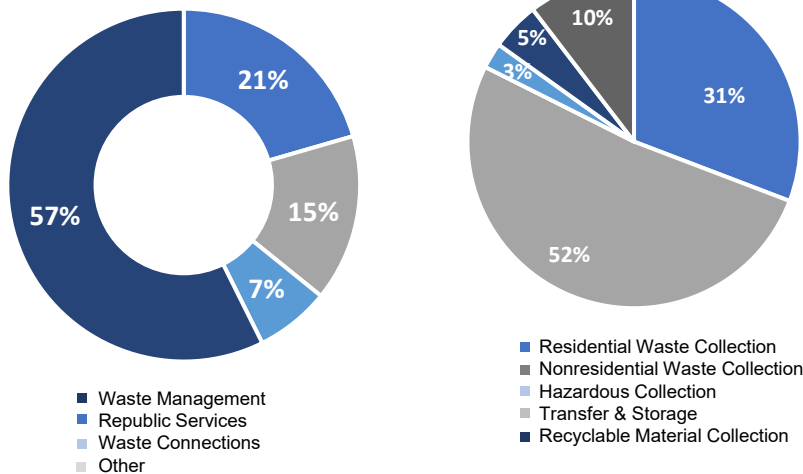


# Waste Collection Services Industry Snapshot July 2021

## Executive Summary

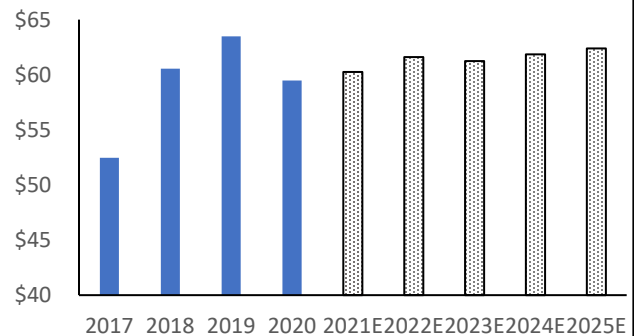
This industry does not include government-provided waste collection services, which currently carry out one-fourth of all waste collection in the United States. Revenue has grown an annualized 2.0% to \$60.2 billion over the five years to 2021, including a decline of 6.0% in 2020 alone. The industry has benefited from rising industrial, construction and commercial business activity. As these sectors have expanded, they have produced more waste, generating demand for industry services. Furthermore, growing interest in solid waste recycling and renewable energy generation from solid waste streams have created many revenue-generating opportunities for operators. In addition, steady demand from the residential market has contributed to revenue growth, since changing economic conditions typically do not have a major effect on the amount of waste produced by households. This industry has also benefited from increased privatization of waste collection duties by local governments.



## Sector Spotlight

- \$60.2B** Waste Collection revenue in 2021
- 1.4%** Projected CAGR until 2025
- 8,051** Waste Collection Businesses
- 297M** Tons of waste produced in 2019
- 20%** Of trash in landfills is wasted food

### Revenue Growth (\$ in Billions)



Since businesses were not operating during Covid, their waste generation rapidly declined, which reduced the need for the industry services. High fixed costs coupled with decreasing demand has also hurt industry profit, which has slightly decreased during the period.

## Segment Breakdown

### Residential Collection

This segment has been the most stable over the five years to 2021, since economic factors have a relatively minor effect on how much waste households produce. The market share of residential waste collection has been increasing as more local governments privatize their collection services. Over the five years to 2026, this segment's share of industry revenue is expected to rise as more municipalities outsource waste collection services to private companies.

### Nonresidential Collection

The volume of nonresidential waste requiring collection is more sensitive to changes in economic activity than that of residential waste. Nonresidential waste collection services are tied closely to private nonresidential construction. As nonresidential construction decreased during COVID-19, it led to a drop in demand. However, demand is projected to rebound as the economy opens up, and businesses begin to grow again.

### Recyclable Materials

This segment's share of revenue has grown over the past five years, as local and state governments have boosted efforts to divert waste and increase consumer and business awareness of the benefits of recycling. Municipal contracts for waste collection may require that recyclable collection services be offered. For the industry as a whole, the collection of recyclable materials is set to grow in importance during the coming decade as environmental consciousness increases.

## Industry Outlook

Demand for industry services will likely continue to be driven by population growth, rebounding business creation and increasing privatization over the four years to 2025. Given relatively static rates of per capita waste generation, national waste generation rises relatively in line with the overall population. In addition, expected economic growth in key markets, such as residential and nonresidential construction, will likely boost demand for waste collection services from commercial businesses. Lastly, the industry is expected to benefit from the public's growing interest in curbside recycling services.

However, in response to increasing regulations and costs, larger operators will continue to vertically integrate their waste management services. The ability to offer the full range of services in collection, recycling, transfer and disposal gives companies an advantage when tendering for collection contracts.

## Market Concentration

Despite rising industry participants, market share concentration has increased during the period, as the largest operators have increased merger & acquisition activity. Waste Management Inc. (WM), the industry's largest operator acquired waste management & recycling company Southern Waste Systems LLC for \$525.0 million in 2016. WM completed a \$4.6B acquisition of Advanced Disposal in 2016. Waste Connections Inc. finalized its \$4.1 billion acquisition of Progressive Waste Solutions in June 2016. Prior to this merger, Waste Connections and Progressive Waste Solutions were the third- and fourth-largest waste collection companies in the industry. In 2017, the second-largest operator, Republic Services Inc. acquired all outstanding shares of RE Community Holdings II Inc., the largest independent recycling-processing company in the US, for \$168.0 million. On top of these acquisitions, all three major players acquired several smaller companies in recent years.

## Recent Public Transactions

June 2020



June 2020



June 2020



June 2020



July 2020



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### Private Transaction

Sale Date	Target Business Description	Deal Value	EBITDA	Net Sales	DV/EBITDA	DV/Sales
10/19/2020	Solid Waste Managed Services and Equipment Rentals	\$15,625,883	\$2,126,538	\$10,817,265	7.4x	1.44x
06/16/2020	Scrap Metal and Waste Hauling	\$750,000	\$137,031	\$3,837,169	5.5x	0.20x
04/06/2020	Hazardous, Industrial, Pharmaceutical, and Retail Waste Services	\$364,154,000	\$14,836,000	\$568,587,000	24.6x	0.64x
02/21/2020	Provider of Hazardous Waste Removal Services	\$340,000	\$22,625	\$678,694	15.0x	0.50x
10/24/2019	Manufacturing Industrial Grade Equipment	\$352,000,000	\$18,178,116	\$205,463,497	19.4x	1.71x
05/20/2019	Large-Scale Processor of Circuit Boards and Electronic Waste	\$6,925,979	\$144,240	\$32,762,433	48.0x	0.21x
<b>Median</b>		<b>\$11,275,931</b>	<b>\$1,135,389</b>	<b>\$21,789,849</b>	<b>17.2x</b>	<b>0.6x</b>

### Public Comps

Company Name	Rev. Growth %	Gross Margin	EBITDA Margin	FTE	Revenue/FTE	EV/Revenue	EV/EBITDA
Waste Management	-1.5%	38.6%	26.2%	48,250	\$315,399	4.7x	18.1x
Republic Services	-1.4%	39.9%	25.6%	35,000	\$290,103	4.6x	17.2x
Waste Connection	1.1%	42.0%	27.2%	18,933	\$287,645	6.6x	21.9x
Casella Waste System	4.2%	33.4%	20.2%	2,500	\$309,834	5.2x	24.9x
Stericycle	-19.1%	39.4%	9.7%	7,000	\$382,214	3.1x	21.7x
Clean Harbors	-7.9%	32.0%	17.2%	8,850	\$355,265	2.0x	10.9x
<b>Median</b>				<b>13,892</b>	<b>\$312,616</b>	<b>4.6x</b>	<b>19.9x</b>