

**CATALYST**  
CORPORATE FINANCE

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**Wt**

Waste & Renewables

# Waste

## Top 5 deals of 2017



**Mark Wilson**  
Partner  
Catalyst Corporate Finance

**DCC Environmental plc**  
Acquired by Exponent  
Private Equity

**WSR Recycling**  
Acquired by PandaGreen

**Shanks plc**  
Merger with  
Van Gansewinkel Groep

**Growth Capital Partners**  
First Mile Recycling

**Cory Environmental  
landfill and gas division**  
Acquired by  
Armour Group

### Private equity outbidding strategic buyers



**Exponent**

In April, the Environmental division of DCC plc was sold to Exponent Private Equity for £219m, funded in part by £170m of debt provided by Lloyds Bank. Exponent outbid both corporate acquirers and other financial sponsors in a highly competitive process to secure ownership. Now renamed ENVA Group, the business includes William Tracey in Scotland, Enva in Ireland and Wastecycle in the Midlands. With ambitious plans for growth we expect ENVA, backed by Exponent's capital, to become a key consolidator in the industry.

### Strategic bolt-on acquisitions



**WSR recycling**



Following its acquisition of New Earth Solutions (NES) in 2016, PandaGreen, Ireland's biggest waste management firm, acquired WSR Recycling to continue its consolidation strategy within the UK. Seen as highly complementary to NES, WSR is located in Widnes and serves Greater Merseyside and other geographies in the North West, whilst NES operations are predominantly located in the South and Midlands. WSR's model of local collection, processing and supply of RDF on a long-term contract to a local energy recovery plant (in WSR case less than five miles away at Runcorn) is highly attractive to consolidators. We expect PandaGreen, amongst numerous others, to continue to target bolt-on acquisitions of this type across the UK.

### Significant international mergers



**van Gansewinkel**

International waste-to-product business, Shanks plc completed its transformational £416m merger with Van Gansewinkel Groep allowing it to become a major European player. Rebranded Renewi plc, the group now has combined revenues of £780m, employs 7,000 people across 250 sites in nine countries with its centre of gravity firmly in the Benelux. The management team are now working on 325 different projects to ensure the group fully integrates to one efficient operating model and delivers €40m of committed merger cost synergies by FY20. Whilst not frequent, cross-border mergers continue to be attractive due to their transformational nature and the hard and soft synergies they can deliver.

"Despite all the political distractions, M&A activity in 2017 has been buoyant, underpinned by acquisitive cash-rich corporates seeking growth and consolidation and increasing numbers of private equity firms and lenders with significant amounts of capital to deploy. We don't see any reason why there won't be more of the same in 2018."

**Mark Wilson**  
Partner  
Catalyst Corporate Finance

**Increasing number of mid-market buy outs**

**first mile**  
easy recycling

**gcp** growth capital partners

First Mile Recycling completed a management buy-out with Growth Capital Partners, which allowed the exit for one shareholder and the distribution of equity to the wider management team. This transaction underlines the re-emergence of mid-market private equity interest in the waste management sector. Smaller scale businesses with attractive business models or a strong presence within a particular niche, such as First Mile's highly scalable commercial waste collection model, are attracting an increasing number of PE investors. Elysian Capital, Waterland, Northedge and the Business Growth Fund have all sponsored deals in the sector over the last couple of years.

**Sale of infrastructure assets to left-field overseas investors**



**ARMOUR**

Cory Environmental's landfill and gas division was acquired by the Bermuda-based reinsurance company Armour Group, an unobvious investor targeting a long-term yield on run-off assets. The disposal of the landfill division, which comprises 13 landfill sites with around 60MW of electricity generation capacity, was an important component in the Cory Group's restructuring process. After previously selling off its brokerage and municipal businesses to trade buyers, the disposal of the landfill business effectively unlocked the potential sale of Cory Riverside Energy, the energy-from-waste power plant at Belvedere, seen as the jewel in the crown of the group. Whilst not common, left field investors continue to be attracted to the sector and will often step in when trade buyers fall away.

## Smart advice

Catalyst advises business owners and management teams on:

- Company sales and acquisitions
- Management buy-outs and buy-ins
- Raising private equity capital
- Raising and refinancing debt capital
- Equity Capital Markets

## Global reach

Over 400 professionals in more than 20 countries providing:

- Access to overseas buyers
- Identification of overseas targets and acquisition execution
- International M&A research
- Local insight into M&A culture and tactics

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