

Industry Update

Industry Highlights

- **Industry Resiliency:** Despite a tumultuous macro environment, the U.S. solid waste industry continued to show its resiliency. While new, incremental volume opportunities remain limited, strong operators have reacted to shifting landscapes to drive optimal, long-term growth
- **Offsetting Rising Costs:** The industry is facing inflationary pressures in core operating functions from rising wages and labor shortages to elevated insurance premiums and equipment costs. Operators are increasingly willing to invest in advanced technologies such as robotics, artificial intelligence (AI), and fleet tracking systems to mitigate these challenges
- **Profitability & Consolidation:** Scaled operators are prioritizing profitability rather than volume as they remain disciplined in their pricing strategies. To maintain this approach, companies are shedding weaker contracts and instead leaning on M&A for accretive market share gains



+234 bps
Waste CPI vs CPI: All Items spread
Jan 2026



~5%
Y/Y increase in M&A transactions
2025 vs. 2024

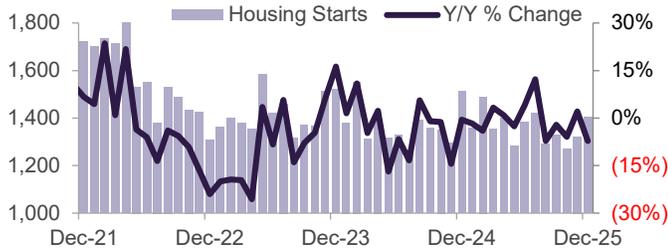
Macro drivers

Despite softness in new residential construction, waste collection volumes remain steady, with pockets of incremental gains for operators in high-growth regions, such as Texas and the Midwest

Ongoing tariff uncertainty continues to impact non-residential construction; however, government funding programs are driving continued investments in key infrastructure areas

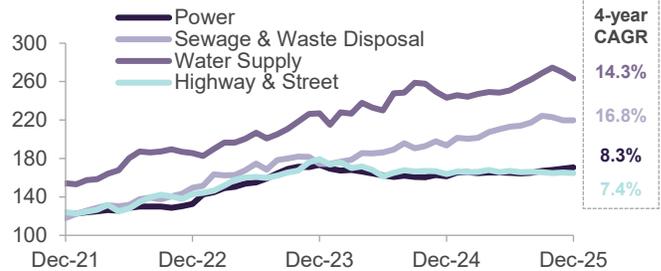
U.S. Housing Starts

(units in thousands, seasonally-adjusted annualized rate)



U.S. Construction Spending – Infrastructure

(2015 = 100)



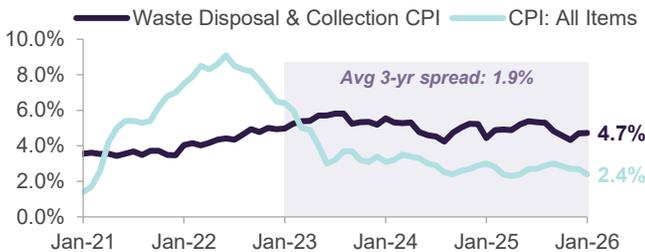
Pricing discipline continues to be a core focus

Waste disposal and collection pricing remains elevated, further outpacing inflation. Scaled operators continue to show strong pricing discipline to mitigate broader macro challenges

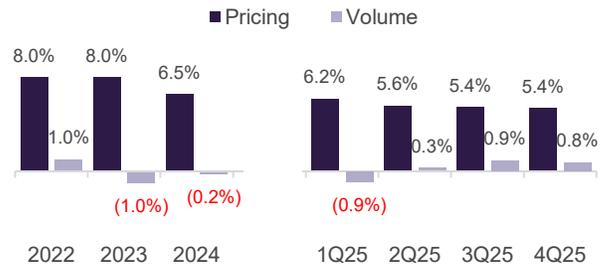
Strategics⁽¹⁾ are prioritizing profitability over market share gains and are showing an increased willingness to shed contracts that don't support bottom-line objectives

Consumer Price Indices

(Y/Y % Change)



Y/Y Change In Waste Pricing & Volumes⁽¹⁾



(1) Public waste companies: Waste Management, Republic Services, Waste Connections, Casella Waste Systems, GFL Environmental



Waste & Environmental Services
Industry Specialty Team

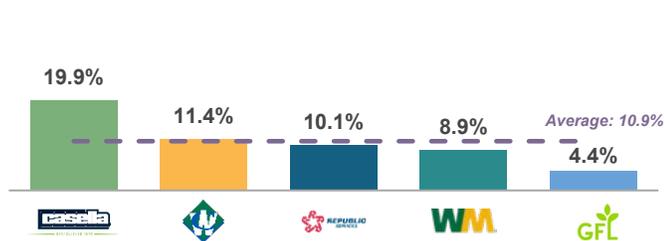
Prachi Wagner | Industry Manager | Prachi.Wagner@Truist.com
Carlos Yopez | Vice President | Carlos.Yopez@Truist.com
Melina North | Analyst | Melina.North@Truist.com

Industry Performance & Valuations Themes

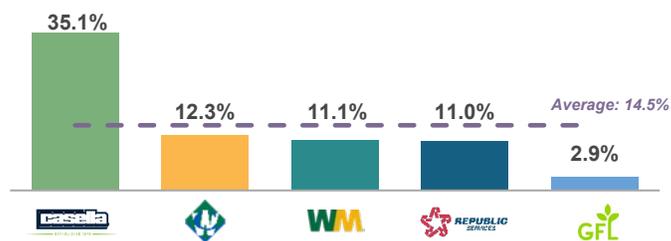
- Solid waste industry performance in recent years spotlights EBITDA, as each of “The Big Five” have seen EBITDA growth outpace revenue over the last three years. EBITDA margins are now at record-high levels heading into 2026 as strategics remain disciplined in their revenue generation and capex strategies, yet proactive in driving initiatives that mitigate ongoing cost pressures
- These efforts have fueled similar achievements in free cash flow (“FCF”) as conversion rates continue to rise
- Scaled operators continue to push on maximizing both organic and inorganic opportunities for sustainable growth within their core operating processes. However, strategics and sponsors are increasingly active in diversifying revenue streams through initiatives in recycling and specialized waste

Key performance metrics

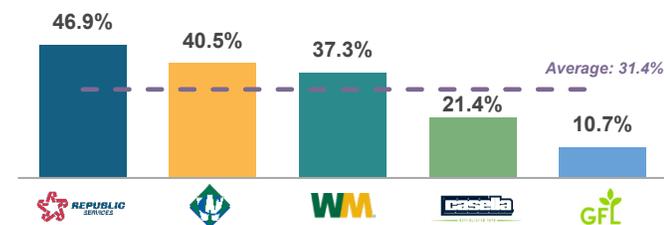
FY21 – FY25A Revenue CAGR



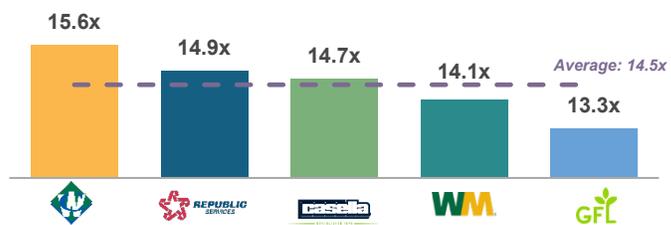
FY21 – FY25A EBITDA CAGR



FY25 Free Cash Flow Conversion



EV / 2025 EBITDA



Mergers & Acquisitions Activity

Recent Notable Transactions

Date	Acquiror	Target	Target Details
Feb-26	Dan Guimont	DTG Recycle	WA-based C&D hauler and recycler
Jan-26	Unified Disposal Partners	Platform Waste Solutions assets	KY and TN-based residential, commercial, and industrial collection
Jan-26	Unified Disposal Partners	Evergreen Waste	TN-based residential waste and recycling hauler
Jan-26	Casella Waste Systems	Mountain State Waste	PA, KY, OH, & WV-based residential, commercial, and C&D collection
Dec-25	Interstate Waste Services	Amro Carting & Filco Carting	NJ & NY-based commercial and residential waste haulers
Nov-25	Long Island Waste Services	National Waste Services	Merger of two Long Island-based commercial and residential haulers
Nov-25	Waste Connections	Florida Express Environmental	FL-based residential and commercial hauler
Sep-25	Waste Management	Countrywide Sanitation	ND-based residential and commercial hauler and recycler

M&A activity was steady in 2025, slightly above 2024 levels, and dealmaking is expected to remain elevated through 2026. Companies will likely be pursuing forward-thinking and diversification targets, while remaining selective on acquisitions within their core streams and markets. Sponsors were especially active in 2025, outpacing strategics in waste deal volume, as they aggressively pursue consolidation opportunities for their existing platform companies. New sponsors continue to enter the market and are establishing funds dedicated to waste and environmental services, as the industry’s resiliency through cycles has become increasingly appealing.

Sources: Bloomberg, Capital IQ, LSEG Workspace, U.S. Census Bureau, Federal Reserve Bank of St. Louis, Bureau of Labor Statistics, Public Company Reports, EPA, Waste Dive
Data updated as of 3/2/2026