



Q3  
20  
25

# INDUSTRY UPDATE CIRCULAR ECONOMY

Frankfurt | Hamburg | Helsinki | London | Munich | Stockholm

CORPORATE FINANCE  
We invest in relationships

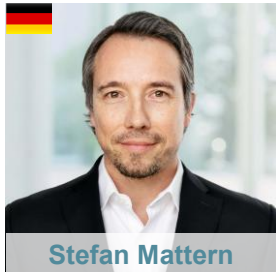




# DEDICATED SECTOR TEAM WITH PROVEN MARKET EXPERIENCE


Our dedicated sector-team for quiet, value-maximising processes

## DEDICATED SECTOR TEAM




- Dedicated Circular Economy team with a strong M&A track record and established relationships with the most relevant strategic investors
- MCF's investment bankers have been active across the space for +20 years, having advised on several notable buy-side and sell-side M&A transactions
- Deep experience in working with privately owned, financial sponsor backed, and public companies in cross-border transactions


BUSINESS SERVICES

  
KARL MEYER GRUPPE

sold to

  
Nehlsen

SELL-SIDE ADVISOR



BUSINESS SERVICES


VAAKA PARTNERS  
sold its portfolio company

  
MOLOK  
to  
  
SULO


SELL-SIDE ADVISOR




BUSINESS SERVICES

  
OPPERMANN  
& FUSS GmbH

sold to

  
Bencis

SELL-SIDE ADVISOR



BUSINESS SERVICES

  
ALBA

sold to

**IK Partners**

SELL-SIDE ADVISOR



BUSINESS SERVICES

  
Ferrostaal

sale of steel trading  
business to

  
JEBSEN & JESSEN

SELL-SIDE ADVISOR



BUSINESS SERVICES

RANG-SELLS  
POLAND  
a subsidiary of

  
RAGN SELLS  
En del av kretsloppet

sold to

  
REMONDIS

SELL-SIDE ADVISOR



BUSINESS SERVICES

  
PARTNERA

acquired

  
Uusioaines Oy

BUY-SIDE ADVISOR



BUSINESS SERVICES

  
MULTIPET

  
MULTIPORT

sold to

  
VEOLIA

SELL-SIDE ADVISOR



BUSINESS SERVICES

  
ATG  
Deutschland GmbH  
We realise your projects.

Verkauft an

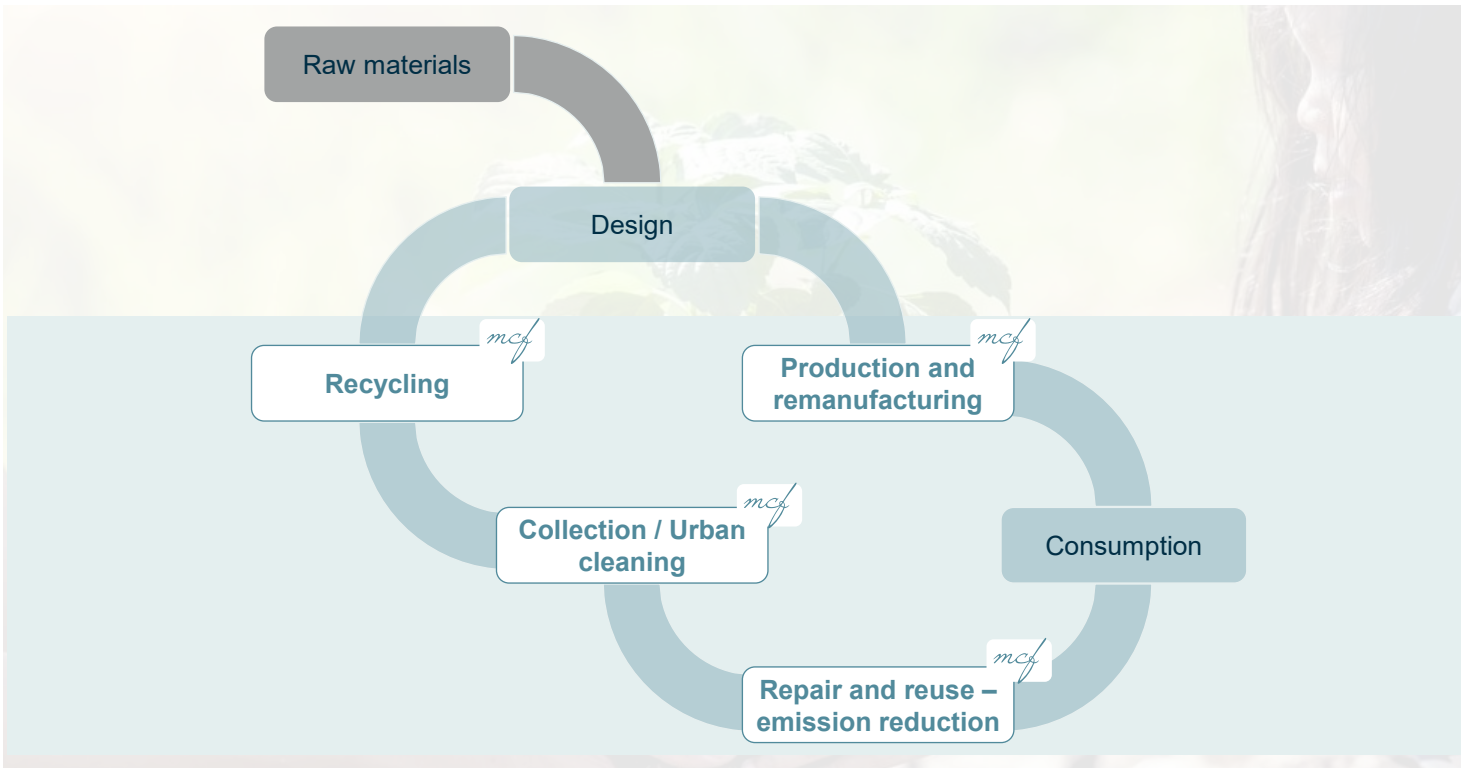
**Duferco**

SELL-SIDE BERATER



# MCF COVERAGE AND GENERAL MARKET ASSESSMENT

Welcome to our industry update for the Circular Economy industry. This short report reflects on current and upcoming market trends and provides an overview of the valuation environment



## MCF Market Commentary

The circular economy is gaining momentum, driven by growing public interest and increasing regulatory pressure. With the Green Deal, Europe has introduced one of the most comprehensive strategies to date, aiming to become the first climate-neutral continent by 2050. Such initiatives create a clear timeline for companies and entire regions to adapt, encouraging even slow movers to transform into market leaders within their sectors. We see significant potential for M&A as a strategic pillar to accelerate the development of expertise and infrastructure – both in industry leading regions and in those that are still catching up – and to rapidly gain market share

## MCF CORE FOCUS





# SELECTED CASE STUDIES

We have a proven track-record in M&A and debt advisory to the European Circular Economy industry

## SELL SIDE ADVISORY TO KARL MEYER GROUP

**BUSINESS SERVICES**



KARL MEYER GRUPPE

sold to



**SELL-SIDE ADVISOR**



**THE TARGET**


The Karl Meyer Group is a leading waste management services provider in Northern Germany with more than 700 employees and a service offering spanning waste collection, recycling, transport, and urban cleaning

**THE DEAL**

Through this acquisitions, two family-owned businesses with matching corporate cultures merge and Nehlsen will grow to one of the largest waste management partner in Northern Germany

## SELL SIDE ADVISORY TO ALBA BAVING


**BUSINESS SERVICES**



sold to

**IK Partners**

**SELL-SIDE ADVISOR**



**THE TARGET**

ALBA Baving is a leading German provider of infrastructure cleaning and maintenance services for the public and private sectors. The company's integrated service offering ranges from municipal and construction site cleaning services

**THE DEAL**

This deal will enable ALBA Baving to expand its geographical footprint, grow its integrated service offering and pursue a clearly defined growth strategy, where MCF has supported in the formulation of a buy-and-build plan

## SELL SIDE ADVISORY TO RAGN SELLS POLAND

**BUSINESS SERVICES**

RAGN-SELLS POLAND

a subsidiary of



En del av kretsloppet

sold to



**SELL-SIDE ADVISOR**



**THE TARGET**


Ragn-Sells is a leading waste management, environmental services and recycling company with headquarters in Sweden and cross-border operations

**THE DEAL**

The divestment of is in line with Ragn-Sells' corporate strategy to refocus on its core markets to accelerate the trend towards sustainable circular economies that preserve scarce raw materials and natural resources

## BUY SIDE ADVISORY ON THE INVESTMENT IN UUSIOAINES


**BUSINESS SERVICES**



acquired



**BUY-SIDE ADVISOR**



**THE TARGET**

Uusioaines is the leading glass recycler and foam glass manufacturer in Finland. The company processes up to 80,000 tons of glass annually. At its facilities, glass products are converted to cullets for further applications

**THE DEAL**

MCF acted as the financial adviser to Partnera and helped facilitate the deal with well-functioning plant in combination with the innovative spirit as core pillars of the equity story

# OUR FIVE KEY TAKES ON THE CURRENT MARKET ENVIRONMENT



**Steady generation of waste materials** within the EU, with **rising FTE levels** across all regions in the status quo paired with steadily increasing resource productivity underscore **rising reusage and recycling market**



**Rising recycling initiatives** and increased common ground for waste treatment will **boost M&A market**, unlocking acquisition rationales from market presence in adjacent geographies to expert know-how in selected waste treatment methods



Revenue decrease from 2022 to today driven by unusually high transport freight rates paired with spiked raw material and recyclables prices. **Very robust business model** proven by robust EBITDA and EBIT profitability



**Rising transaction activity**, both from financial sponsors as well as strategic buyers with **region-focussed consolidation** initiatives. Buy-and-Build possibilities with high attractivity for Private Equity investors



**Steady valuation environment**, driven by low-volatility business model, seeing high demand of services throughout macro difficulties and other crises

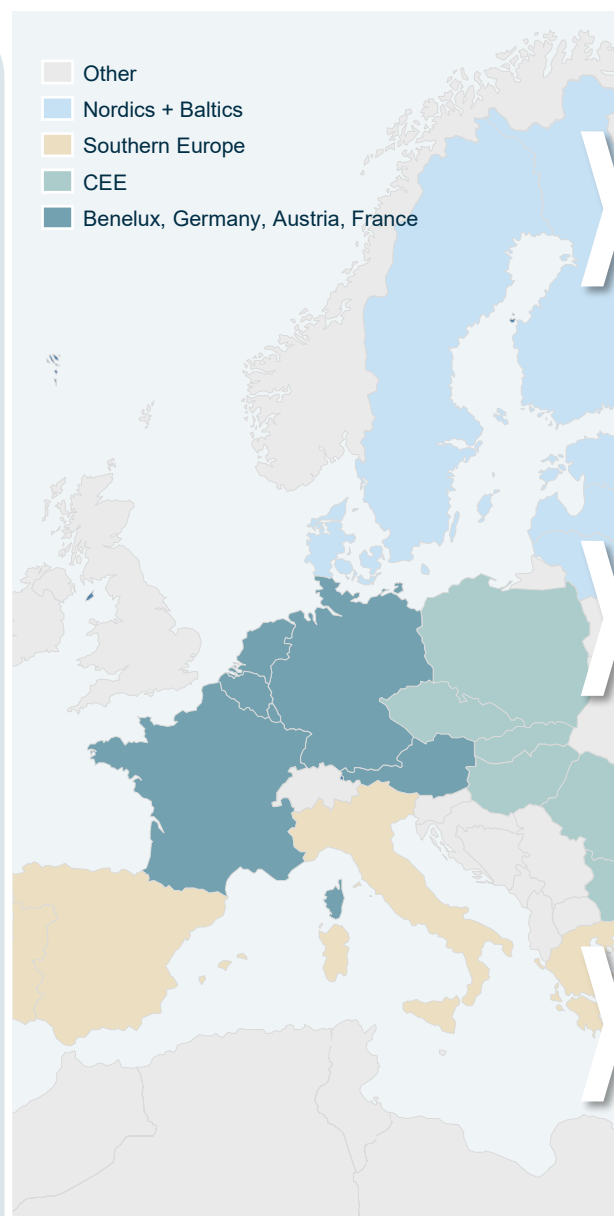
# UNDERLYING MARKET DRIVERS AND MARKET DIFFERENTIATIONS

The Circular Economy poses a low-volatility market environment with steady supply of inbound material to be processed. Continuous modernisation and public initiatives shifting treatment methods towards recycling and reuse attract employees and boost resource productivity

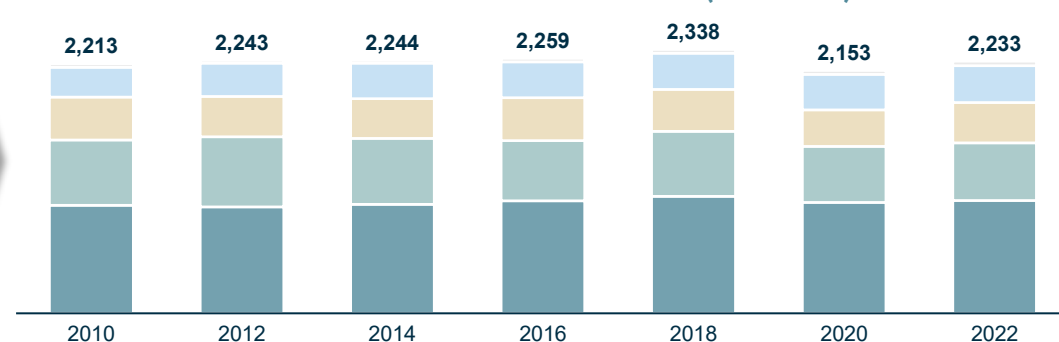
**Steady quantity of waste generated** within the EU as a core pillar for highly **robust Circular Economy industry** with strong downside protection and low volatility

Rising popularity and public interest of the **industry** attracts **qualified staff**, with rising FTE numbers across all regions with **strongest growth in DACH & Benelux region**

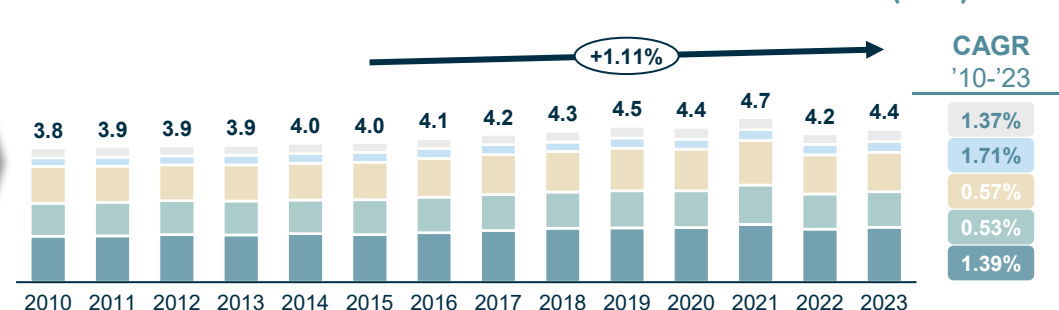
As rising resource productivity<sup>(2)</sup> suggests that an economy is **generating more wealth with less resource** input, serving as an illustrative indicator for a **rising reuse and recycling market**



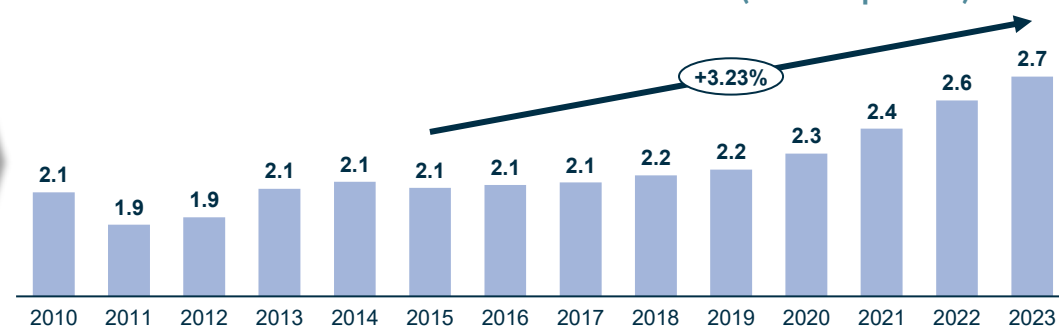
**TOTAL WASTE GENERATION<sup>(1)</sup> (in mTons)**



**FTE EMPLOYED IN CIRCULAR ECONOMY SECTORS (in m)**



**EUROPEAN RESOURCE PRODUCTIVITY<sup>(2)</sup> (IN EUR per KG)**



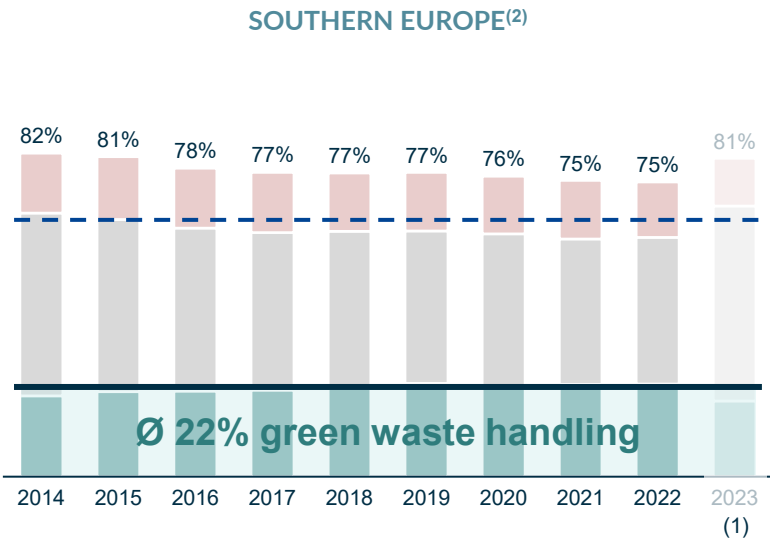
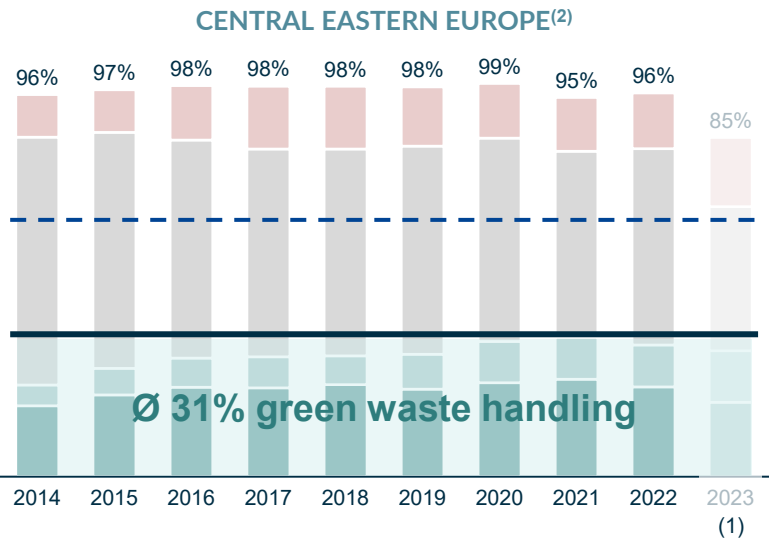
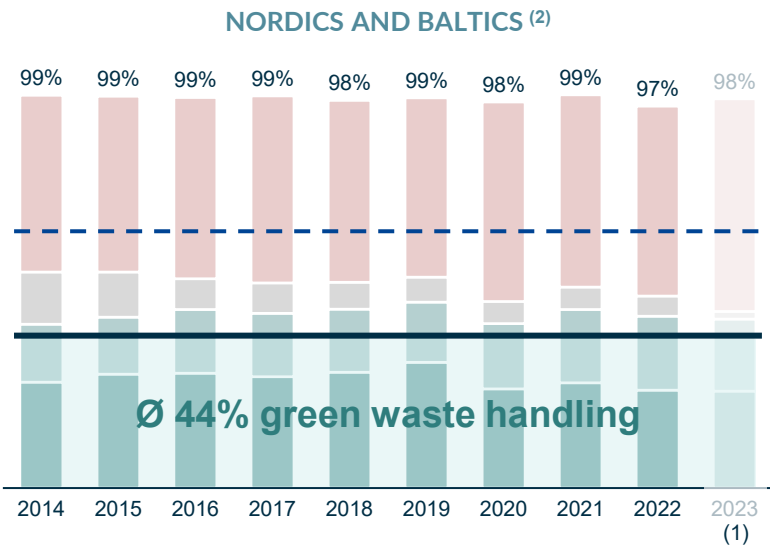
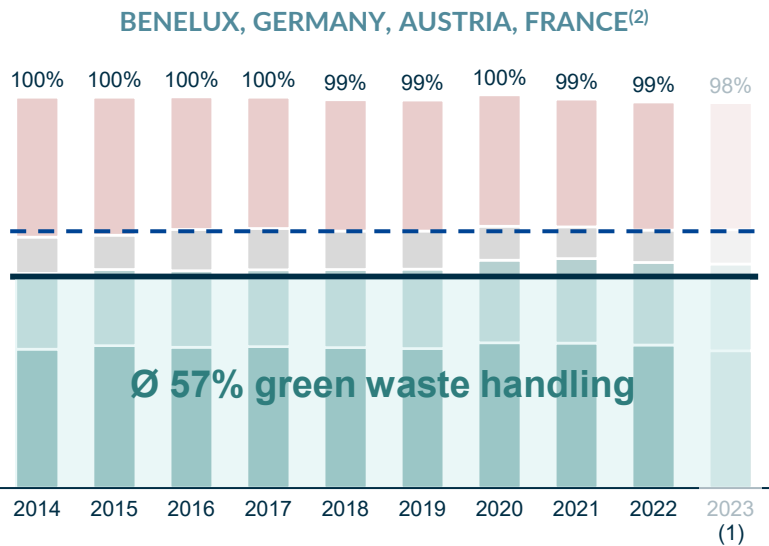
# RECYCLING ON THE RISE

Significant variance in recycling practices across the EU, paired with clearly formulated recycling targets position M&A as a core strategic lever for quick access to market share, expertise, and infrastructure

Deep dive to **municipal waste** for comparison, to **avoid industry-specific distortions per region**

Significant differences in waste treatment methods imply **varying waste infrastructure** across depicted regions

Common ground on **target situation** in 2035 shows strong catch-up need and **potential for a transfer of infrastructure and knowledge** across regions – with strategic **importance of M&A**



--- Recycling rate targets for municipal waste, aiming for 60% by 2030 and 65% by 2035 according to the EU Green Deal

Recycling / Reusing Composting Landfill Incineration



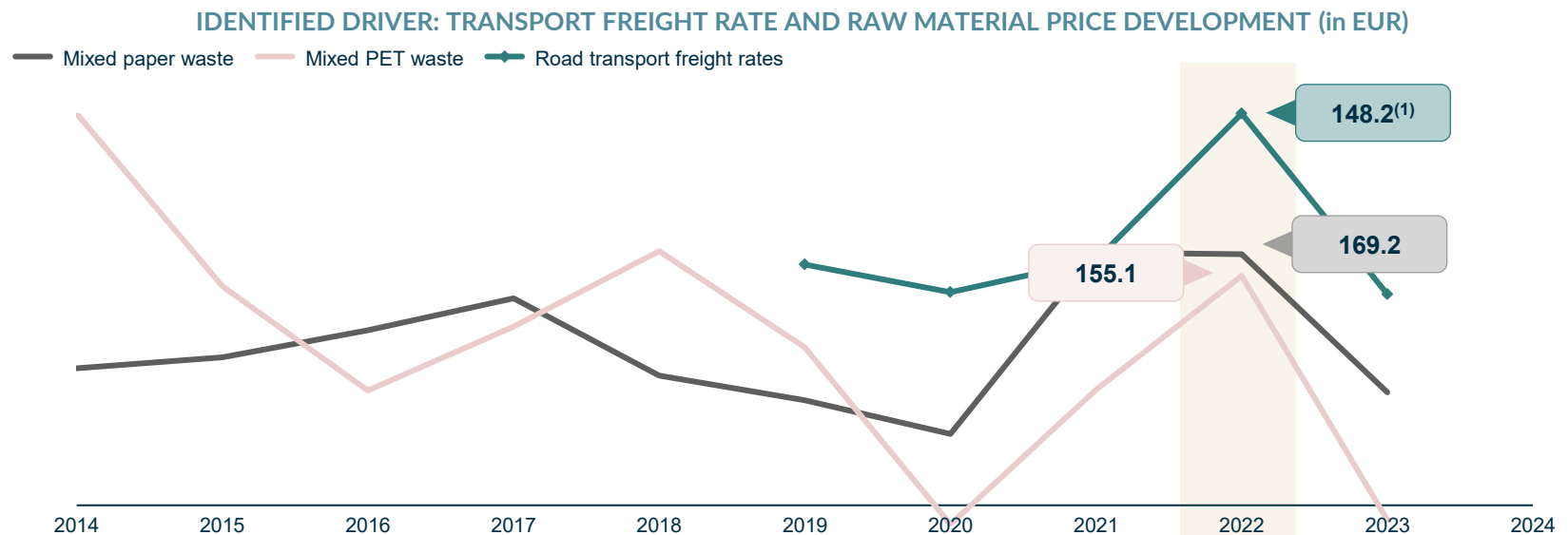
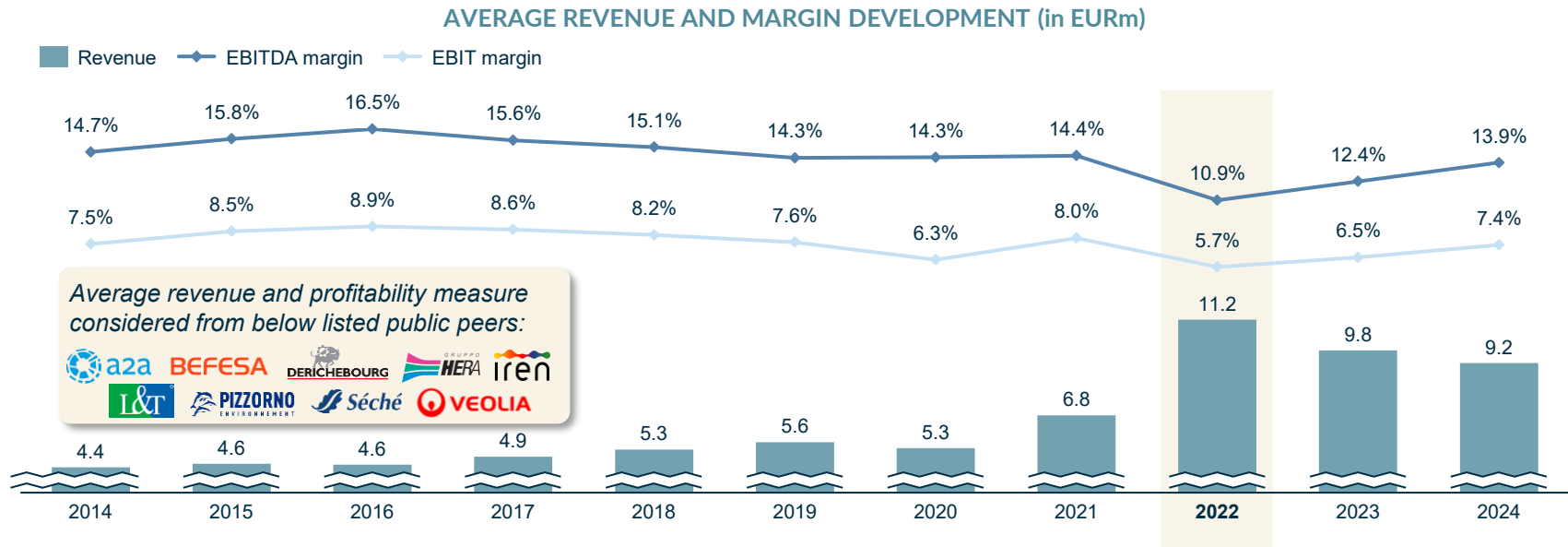
# HEADLINE FIGURES ACROSS THE INDUSTRY

Stable business model with significant downside protection in a period of market normalization after freight rates and raw material prices spiked

Though robust, the business model within the sector was **strongly impacted by three factors** in the past years: i) COVID-driven increase in mask volumes, ii) transport freight rates, and iii) raw material prices – **both spiking in 2022**

Normalisation of both effects results in a **hardly preventable revenue downwards-movement** to towards previous levels

**Profitability margins**, having dipped in 2022, **quickly rebounded** back to previous levels. Profitability in integers with **constant upwards movement** since 2021





# VALUATION ENVIRONMENT: RELEVANT TRANSACTIONS

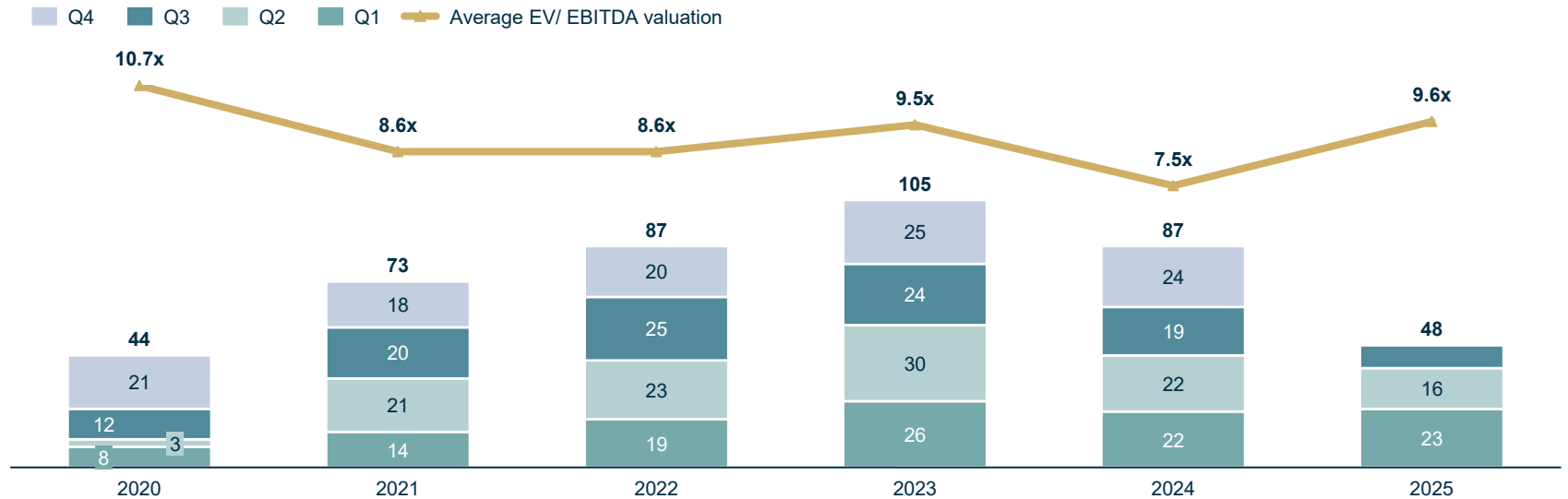
Good start with 38 relevant transactions in Europe in H1-2025, with valuation levels around 9.0x EBITDA

Good start into 2025 with **considerable M&A activity and rising valuations**

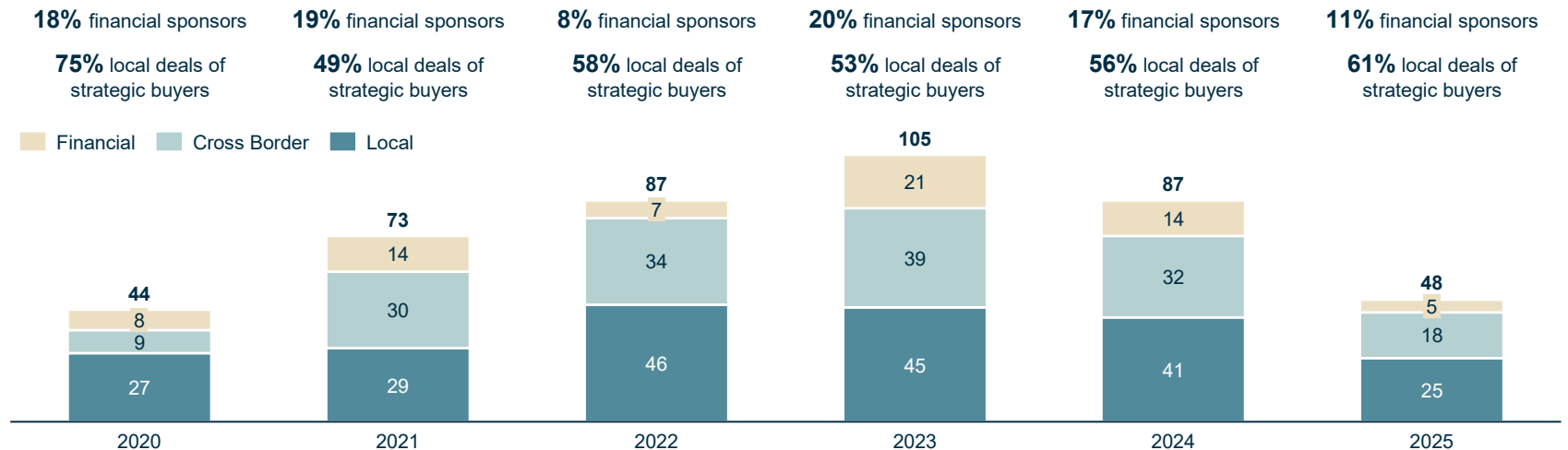
Lower M&A activity in 2020 with strong catch-up effect in 2021 and since strong market with **robust deal activity**

Market is **dominated by strategic buyers** and majorly **local** transactions. **Financial buyers** entering the market likely to follow a **Buy-and-Build strategy**, as seen on the following slide

## TRANSACTION ACTIVITY AND VALUATION ENVIRONMENT OVER TIME<sup>(1)</sup>



## DEEP DIVE: BUYER TYPE AND LOCAL vs. CROSS-BORDER ACTIVITY



# CONSOLIDATION INITIATIVES – DRIVEN BY FINANCIAL SPONSORS

Private Equity investors, active within the Circular Economy often act with a clear buy-and-build plan, actively driving market consolidation. Selected, large strategic buyers too with strong M&A activity. Consolidation activity mostly conducted locally instead of cross-border

## NR. DEALS

## SELECTED BUY AND BUILD INITIATIVES

#12	 making circularity real Platinum Equity	 UK waste collection Jan-21	 UK waste collection and recycling Aug-21	 Industrial waste management in Portugal Jan-24	 Hazardous waste management in Spain Jun-24	 Medical waste-disposal in Spain Oct-24
#11		 UK waste collection and recycling Nov-22	 UK plastic recycling Apr-23	 UK waste management and recycling Nov-23	 UK hazardous waste disposal and recycling Jun-24	 UK food waste collection and recycling Nov-24
#11		 French recycler of paper, cardboard, metals, etc. Jul-23	 Spanish urban cleaning and collection services Jul-23	 French waste recycling and materials trading Apr-24	 Spanish recycler of industrial waste and paper Apr-24	 Swiss provider of waste management services Dez-24
#9		 French water and waste management Oct-20	 German municipal and industrial waste services Jan-23	 Dutch food waste recycling Mar-23	 German construction and demolition waste recycling Jul-24	 German waste paper sorting Jul-24
#7		 UK plastic and packaging recycling Mar-21	 Danish industrial waste upcycling and resource recovery Feb-23	 UK commercial waste management May-23	 German metal and raw material recycling Feb-24	 UK waste brokerage and management services May-24
#7		 Polish municipal and industrial waste services Mar-20	 Swedish waste collection and recycling Sep-20	 Dutch metal and electronics recycling May-21	 Spanish municipal and environmental services Jul-21	 German plastic film recycling and granulate production Sep-21
#6		 Finnish demolition and environmental services May-23	 Swedish scrap metal recycling Jun-23	 French paper and commercial waste collection May-25	 Dutch industrial cleaning and waste services May-25	 German local waste management company Aug-25
#6	 STIRLING SQUARE CAPITAL PARTNERS Deutsche Beteiligungs AG	 Italian industrial waste services Jul-20	 Italian ferrous and non-ferrous metal recycling Nov-20	 Italian coastal and marine environmental services Feb-23	 Italian municipal waste collection and treatment Jun-25	
#6	 SUMMAEQUITY	 Swedish electronics and e-waste recycling Oct-21	 Norwegian transport and logistics for waste and recycling Nov-23	 Finnish hazardous and industrial waste treatment Jul-24	 Norwegian waste collection and recycling Mar-25	

# VALUATION SPREAD: COMPARABLE COMPANIES










Public peer group with low variation in EBITDA and EBIT multiples, boosted by positive profitability outlook for mission-critical industry

Considering European public players within the relevant markets leads **to a low-derivation valuation environment** around 6x EBITDA and 11x EBIT










Market analysts expecting slight revenue decreases across listed players, partially driven by **diversified business units** with significant exposure to e.g. the energy market

Operational metrics show an **average profitability level around 16% EBITDA and 8% EBIT**, with only few outliers

## COMPARABLE COMPANIES VALUATION ENVIRONMENT

		Financials in €m		EV/ Revenue			EV/ EBITDA			EV/ EBIT		
		Market Cap	EV	2024A	2025E	2026E	2024A	2025E	2026E	2024A	2025E	2026E
Veolia		20,354	43,210	1.0x	0.9x	0.9x	7.8x	6.0x	5.7x	13.8x	11.4x	10.6x
A2A		6,861	12,585	1.0x	1.0x	1.1x	6.0x	5.7x	5.6x	10.0x	10.6x	10.6x
Hera		5,472	9,921	0.8x	0.7x	0.7x	7.5x	6.4x	6.2x	12.0x	12.0x	11.5x
Iren		3,380	8,553	1.4x	1.3x	1.3x	7.5x	6.3x	6.0x	16.6x	15.1x	14.2x
Befesa		1,098	1,714	1.4x	1.3x	1.2x	9.0x	7.0x	6.4x	14.1x	11.3x	10.1x
Derichebourg		942	1,648	0.5x	0.4x	0.4x	5.8x	4.7x	4.5x	9.4x	8.5x	8.1x
Séché Environment		715	1,790	1.5x	1.4x	1.3x	9.8x	6.6x	6.2x	17.7x	13.3x	11.2x
Lassila & Tikanoja		391	569	0.7x	0.7x	0.7x	8.6x	5.5x	5.4x	17.9x	12.2x	12.0x
Groupe Pizzorno		232	254	0.9x	0.9x	0.9x	4.7x	5.0x	4.9x	12.0x	11.6x	11.4x
<b>Average</b>		<b>4,383</b>	<b>8,916</b>	<b>1.0x</b>	<b>1.0x</b>	<b>1.0x</b>	<b>7.4x</b>	<b>5.9x</b>	<b>5.6x</b>	<b>13.7x</b>	<b>11.8x</b>	<b>11.1x</b>
<b>Median</b>				<b>1.0x</b>	<b>0.9x</b>	<b>0.9x</b>	<b>7.5x</b>	<b>6.0x</b>	<b>5.7x</b>	<b>13.8x</b>	<b>11.6x</b>	<b>11.2x</b>

## OPERATIONAL METRICS

		Core KPI 2024A		Revenue growth			EBITDA margin			EBIT margin		
		Sales	EBITDA	2024A	2025E	2026E	2024A	2025E	2026E	2024A	2025E	2026E
Veolia		44,692	5,571	3.7%	3.9%	(1.5%)	12.5%	15.4%	15.7%	7.0%	8.2%	8.4%
A2A		12,570	2,098	(4.5%)	(1.1%)	(13.3%)	16.7%	18.4%	18.9%	10.0%	9.9%	10.0%
Hera		12,890	1,322	5.9%	(1.2%)	(15.9%)	10.3%	11.4%	11.9%	6.4%	6.1%	6.4%
Iren		5,903	1,148	8.6%	0.2%	(6.3%)	19.4%	21.2%	22.2%	8.7%	8.9%	9.4%
Befesa		1,239	190	3.2%	12.7%	4.9%	15.3%	19.0%	18.6%	9.8%	11.9%	11.7%
Derichebourg		3,606	261	1.6%	3.9%	(0.2%)	7.8%	9.6%	9.5%	4.9%	5.3%	5.3%
Séché Environment		1,190	183	7.1%	6.9%	9.3%	15.4%	21.1%	21.2%	8.5%	10.6%	11.8%
Lassila & Tikanoja		771	67	(1.0%)	1.2%	(3.9%)	8.6%	13.5%	13.7%	4.1%	6.1%	6.2%
Groupe Pizzorno		273	54	2.3%	2.0%	3.2%	19.6%	18.3%	18.3%	7.7%	7.8%	7.8%
<b>Average</b>				<b>3.0%</b>	<b>3.2%</b>	<b>(2.6%)</b>	<b>14.0%</b>	<b>16.4%</b>	<b>16.7%</b>	<b>7.5%</b>	<b>8.3%</b>	<b>8.6%</b>
<b>Median</b>				<b>3.2%</b>	<b>2.0%</b>	<b>(1.5%)</b>	<b>15.3%</b>	<b>18.3%</b>	<b>18.3%</b>	<b>7.7%</b>	<b>8.2%</b>	<b>8.4%</b>

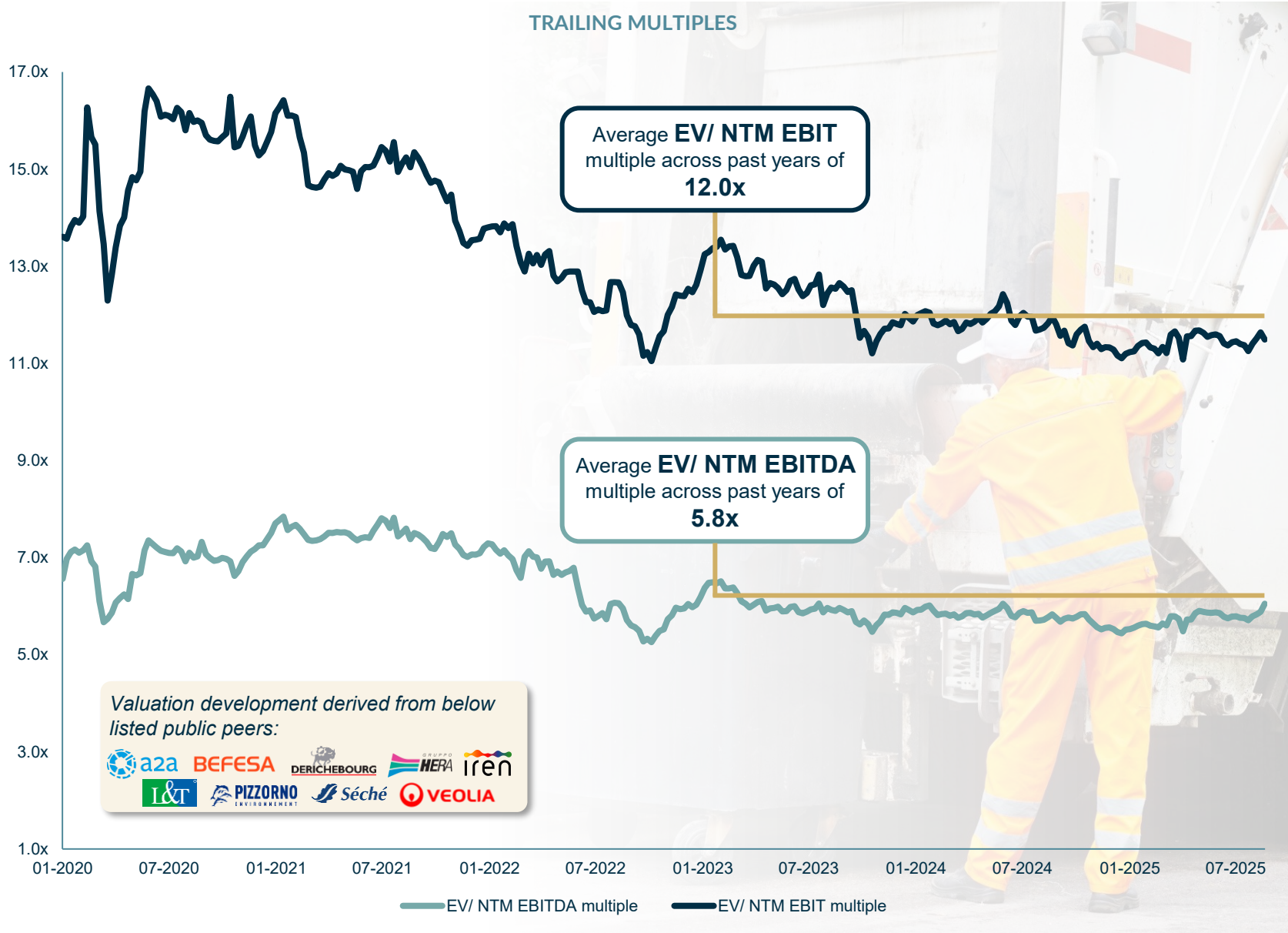


# VALUATION ENVIRONMENT: COMPARABLE COMPANIES OVER TIME

The post COVID period 2023-YTD2025 shows a low-volatility valuation environment across both metrics

Overall high robustness of business models within the Circular Economy result in a **low-volatility valuation environment**, both for EBIT and EBITDA multiples

**Steady valuation levels for both metrics since 2023**, with increased volatility and a higher valuation regime in 2020 towards Q4-2022



# WE INVEST IN RELATIONSHIPS

Our mission is to provide honest, and relationship driven tailormade M&A and debt advisory services

## EVERYONE'S BUSINESS JOURNEY IS DIFFERENT | WE ARE HERE TO HELP YOU TAKE THE NEXT STEP

Each business is different and so is our approach. MCF Corporate Finance is a leading corporate finance advisory firm focusing on cross-border and middle market transactions. For us, tailor-made M&A and debt advisory means that every client receives relationship-driven advice. We speak the truth, invest in relationships and value trust above all else.

The MCF team has built long-lasting relationships with industry specialists and management teams across the broader Circular Economy sectors. Our expertise, combined with our transatlantic capabilities, allows us to offer a full-service platform, providing M&A, debt advisory, and capital markets execution services

6

EUROPEAN  
OFFICES

80+

PROFESSIONALS

1,200+

TRANSACTIONS

### OUR ADVISORY SERVICES

#### MERGERS & ACQUISITIONS

- COMPANY SUCCESSION
- PRIVATE EQUITY SELL-SIDE
- CORPORATE SPIN-OFFS
- BUY-SIDE ADVISORY
- M&A STRATEGY ADVISORY
- ADD-ON ACQUISITIONS
- GROWTH CAPITAL
- VENTURE CAPITAL



#### DEBT ADVISORY

- LEVERAGED BUYOUT FINANCINGS
- BOLT-ON ACQUISITIONS
- GROWTH FINANCING
- REFINANCING/ RECAPITALIZATION
- STAPLED FINANCE
- SELL-SIDE LENDER EDUCATION
- PRIVATE PLACEMENTS
- BRIDGE FINANCING

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FAMILY BUSINESSES &  
ENTREPRENEURS

PRIVATE EQUITY

CORPORATES

### OUR VERTICALS

BUSINESS SERVICES

CONSUMER

INDUSTRIALS

TECHNOLOGY

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