

AlixPartners

Strategic M&A in waste management:

Five lessons for
successful transactions



As momentum slows, opportunity shifts

The Environmental and Waste sector has seen significant M&A momentum over the past decade, driven by regulatory tailwinds, fragmentation, and investor appetite for circular economy platforms. European E&W M&A activity grew from just nine deals in 2014 to a peak of 89 deals in 2022, reflecting sustained consolidation across the U.K., France, the Netherlands, Germany, and Italy.

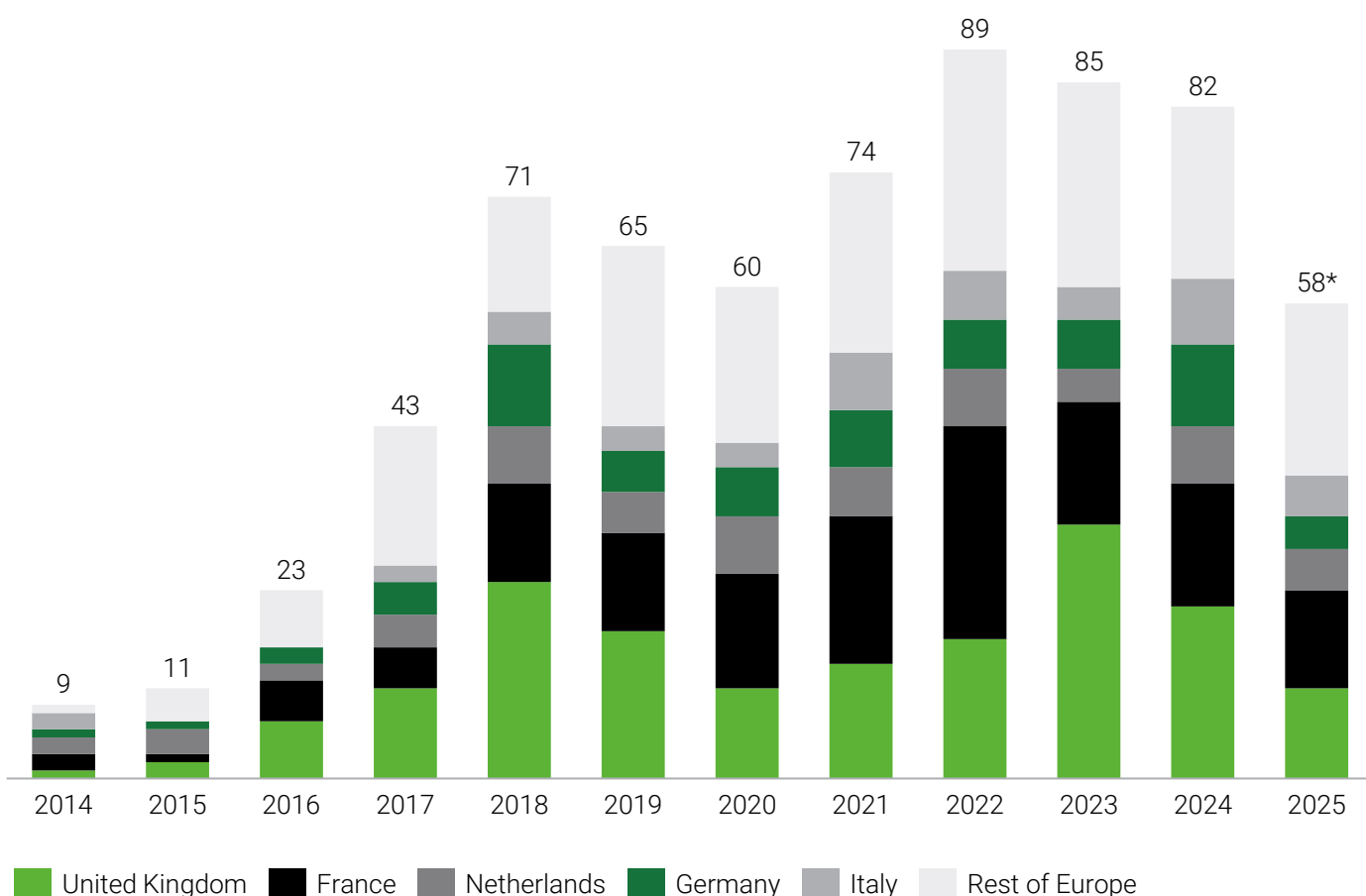
Signs of a cooling market are emerging as consolidators focus on realising synergies, addressing regulatory cost pressures (landfill tax, EPR, energy inflation), and managing volatile commodity pricing that eroded margins throughout 2025. In many cases, consolidators are looking to dispose of divisions and assets that have not delivered expected performance.

As the M&A market adjusts, we expect underperforming assets and non-core disposals to come to market at a discount, offering well-capitalised buyers with strong integration capability a chance to make selective acquisitions.

Yet, identifying a potential target is just the start. Sustained value creation faces growing challenges, especially as regulations incentivise the transition from landfill and energy-from-waste to increased reuse.

Here, we offer five lessons from our experience of recent transactions to improve the chances of generating value.

Figure 1: European E&W M&A deals by country 2014 – 2025 (# of deals)



Source: Gain.pro

Why M&A matters in waste management

Before diving into execution, it is essential to understand why M&A matters in waste management today:



Establishing suitable circular economy credentials

2025 was an inflection point for the industry. The rollout of regulations such as the EU Packaging and Packaging Waste Regulation (PPWR), Simpler Recycling, Extended Producer Responsibility (EPR), and landfill taxes have signalled Europe's desire to accelerate the transition to a mature circular economy.

Businesses with high exposure to landfill have either taken a hit to profit margins or passed costs to customers, while those providing alternative waste channels have benefited from the new regulations.

This step-change has materially reshaped where value pools sit and which assets trade at a premium, allowing established businesses (such as Biffa's acquisition of Keenan Recycling) and new entrants (such as CIRQLR) to capture market share.



Expansion of service offerings

By the end of 2026, waste providers must track and report waste movements digitally. Customers will be financially and operationally responsible for their waste's lifecycle, businesses will need to comply with improved waste segregation, and retailers will need to process deposits on returned single-use drinks containers.

Waste management now extends beyond traditional boundaries, presenting opportunities for advisory and logistics services targeting customers who need to ensure compliance. The influence of digital solutions, data, and AI is also becoming vital in a historically paper-based sector.

M&A enables businesses to acquire complementary services and build the scale required to invest in new services and technology. Tomra's acquisition of a majority stake in c-trace GmbH allowed it to combine traditional sorting and collection services with real-time waste tracking, which customers can use for compliance reporting and the business can use to optimise collection routes and demand forecasting.



Operational synergies

Increased regulatory and compliance burdens mean higher processing costs per tonne of waste, especially through landfill and energy-from-waste. In 2025, operators were reluctant to pass full costs upstream to avoid losing market share. Although we believe this is unsustainable, and collection and processing pricing are likely to increase significantly this year, acquisitions combined with effective integration have helped absorb indirect costs. This is a highly effective strategy when combined with enhanced circular credentials and/or extended service offerings.

Five lessons from M&A transactions

Our work with private equity and industry leaders reveals distinct M&A execution models – from hyper-integrated operating models to asset-light platforms leveraging digital integration. Here, we outline the critical considerations for M&A success in the waste management sector, taking lessons from sector leaders and new entrants.

01 Define the mandate upfront

The primary question is whether a target directly supports your strategic objectives. Too many deals happen because an opportunity presents itself, rather than because it fits a defined strategy. In our previous article, “Tipping Point”, we presented how aggregators are increasingly choosing clear “specialist” plays rather than trying to be everything to everyone.

Enva has consistently bought to deepen specialist recycling (e.g., plastics, hazardous, wood), supporting a specialist and circular play rather than broad general waste. This focus has reinforced its pricing power and regulatory credibility. Conversely, Reconomy has used M&A to establish itself as a national broker built on a circular platform, acquiring Valpak, Noventiz, and various returns and logistics assets to build an integrated “Recycle–Comply–Re-use” stack rather than simply buying isolated volume.

During diligence, ask:

- ➔ What complementary capabilities, geography, or customer segment does this add?
- ➔ Are the business model and values compatible with ours?
- ➔ What is the scale of required integration, and do we have the internal capability to execute it?

A target that cannot be clearly mapped onto one of your chosen strategic plays (specialist, managed service, broker, or scale collector) will almost always dilute returns rather than enhance them.



02 Validate synergies are achievable, not just theoretical

In a highly local, route-driven sector, theoretical “scale” can easily turn into double-running fleets, half-empty MRFs, and confused customers if synergies are not explicitly designed.

Acquisition of a direct competitor will either increase your geographical footprint or increase market share within the same region. In both scenarios, the key question to answer is whether the combined entity generates incremental value beyond the sum of its parts, or simply becomes an inefficient overhead burden.

The market features many small-to-medium operators with high pricing agility. Creating a larger local entity doesn't necessarily provide increased pricing leverage unless it is backed up by enhanced service.

Test synergy claims rigorously during diligence:

- ➔ Technology compatibility: Can systems genuinely integrate, or are there hidden migration costs?
- ➔ Cost savings: Review the target's cost structure in detail. Can head office functions really be reduced?
- ➔ Customer retention: Can contracts be transferred? Will customers stay post-close?
- ➔ Regulatory continuity: Can permits and environmental approvals transfer without disruption?
- ➔ Route/facility efficiency: Map collection routes and processing workflows to quantify efficiency gains.

For example, First Mile's integration of Greenzone worked because both companies prioritised tech-enabled service delivery. Shared platform compatibility meant integration was accretive rather than cost-neutral.



03 Diligence must go deeper on permits, legacy liabilities and data

'Standard' commercial and financial due diligence often misses critical issues specific to waste: permit transferability, historical contamination, dynamic pricing exposure, and fragmented ERPs.

Many aggregators target small-scale operators who lack the compliance and legal support of their scaled-up peers. Cash transactions still play a significant role in some operations, which may be a red flag when trying to understand a target's true commercial nature.

Acquirers must dig deeper in understanding what they are buying. Former Renewi CFO Toby Woolrych described multiple legacy ERPs and "mom and pop" systems as a structural drag on data quality and margin management, underscoring why deeper tech and data diligence is a core value and risk lever in waste M&A.

For sellers, surfacing and fixing obvious permit gaps, data issues, and cash-based practices prior to the process can materially widen the buyer pool and protect valuation

Key questions to explore during this phase include:

Environmental and regulatory compliance (critical in waste):

- Are all operational permits in place? What are the renewal timelines?
- Are there unresolved environmental violations or enforcement actions?
- Are there legacy site liabilities or hazardous material issues?

Financial and operational integrity:

- Revenue quality: Are customer contracts long-term or spot-based? What is the churn rate?
- Cost structure: What are disposal costs per tonne? How efficient is collection?
- Asset condition: What are the replacement capex requirements?
- Key customer concentration: Are major customers at risk of defection?

Technology systems:

- Can legacy systems integrate with yours?
- Data quality: Are customer databases and operational metrics accurate?
- Cybersecurity posture: Have there been any breaches or security gaps?

Talent and culture:

- Who are the critical employees, and will they stay post-close?
- Management capability: Can they run the business under new ownership?
- Culture alignment: Will integration be smooth or fractious?

04 Evaluate market exposure

2025 was a year of uncertainty for the sector. An unexpected increase in landfill tax, significant constraints on the water discount scheme, and volatile commodity pricing left operators exposed to squeezed margins, with no sector consensus on how to navigate the turbulence.

As acquirers evaluate suitable targets, understanding the level of direct and indirect market risk exposure is a strategic necessity.

The plastic recycling sector is a prime example; M&A activity slowed considerably due to declining plastic commodity costs. These declines were driven by reduced crude oil prices leading to more virgin material entering the market, increased energy prices forcing downstream customers to negotiate lower prices, and an influx of new plastic from Asia increasing the overall feedstock supply.

Some of this risk is cyclical (oil prices, energy), but some is structural (new Asian capacity, policy design of Plastic Packaging Tax). Buyers need to be clear about which risks they are underwriting.

Lessons to apply are:

- ➔ Model upside and downside sensitivities: For example, what would a 5% reduction in commodity prices do to EBITDA?
- ➔ Become an expert on mitigation: How has the target mitigated exposure to market risk? Is there a hedging strategy for commodity price fluctuations? What proportion of cost has flowed through to customers? What level of pricing elasticity exists across different customer groups?
- ➔ Identify sources of indirect risk: What affects virgin material pricing? What other sources of supply exist (substitute materials, Asia/rest of world)?



05 Specification discipline

Research shows momentum peaks in the first 90–120 days post-close. Companies with pre-planned integration roadmaps capture significantly more value than those developing plans after the deal closes. Centralised, federated and hybrid models can all work – but only if they are consciously chosen to match business model and deal thesis, rather than improvised post-close.

Beauparc, for instance, has favoured a federated model: local brands are retained alongside a thin central layer and programmatic M&A capability under Macquarie’s ownership. This supports rapid deal execution and protects local customer relationships, though it delays some synergies and requires stronger central governance over time.

Alternatively, First Mile chose full operational and general administrative integration (single brand, central Salesforce-based platform, central customer service), enabling fast customer migration, dense routing, and a standardised proposition in London and beyond.

For acquirers:

- ➔ **Define the target operating model:** Will support functions be centralised or federated? Which systems migrate? What is the organisational structure post-close?
- ➔ **Establish governance:** Set up a PMI steering committee, functional integration leads, and clear decision authority
- ➔ **Plan technology migration:** Which applications retire, migrate, or stay? When is cutover? How are legacy systems decommissioned?
- ➔ **Address talent:** Which employees are critical? How will TUPE be managed? What is the communication plan?
- ➔ **Ensure customer continuity:** Which contracts need renegotiation? How will customer teams be reorganised?

Figure 2: Comparison of integration models

Integration model	Approach	Benefit	Risk
Centralised	Consolidate all support functions under one structure	Cost synergies, unified strategy, scale advantages	Loss of local identity, integration complexity
Federated	Acquired businesses retain autonomy with a thin corporate layer	Preserves local brands and relationships, customer continuity	Missed synergies, inconsistent standards
Hybrid	Centralise finance/IT/strategy; maintain client-facing brands	Balance cost savings with operational flexibility	Managing dual structures can be complex

Source: AlixPartners

Conclusion

M&A in waste management is no longer about buying tonnes and routes; it's securing a position in a sector reshaped by regulation, circularity, and data. Success depends on treating each stage of the lifecycle as an opportunity to sharpen strategic focus, reduce risk, and create value – rather than as compliance steps.

For acquirers, this means starting with a clear mandate, screening for genuinely complementary capabilities, and conducting diligence that goes beyond EBITDA to include permits, dynamic pricing exposure, cash practices, and data and system quality. It also demands understanding market exposure – like landfill tax, water discounts, energy costs, and recycle price volatility – to ensure returns remain resilient against future market shocks.

Integration is where deals succeed or fail. Choosing the right model upfront, aligning it with the business strategy and investor time horizon, and executing a KPI-driven 90–120 day plan are as critical as the purchase agreement itself.

The U.K. and EU's shift to extend responsibility to producers, retailers, and waste generators through EPR, Simpler Recycling, DRS, and binding recycled-content mandates will define the next phase. This creates clear M&A opportunities to extend the value chain into compliance advisory, reverse logistics, and digital tracking. However, it also brings more sophisticated buyers who will demand end-to-end visibility, seamless supply chain integration, and ironclad compliance guarantees.

In a market where regulatory milestones, tax changes and commodity cycles continually reshape value pools, acquiring “good assets” is no longer enough. The best transactions will accelerate strategic repositioning, professionalise operations and technology, and build resilient circular-economy models that can withstand the next wave of disruption, and deliver to customers who expect full-chain accountability.

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About us

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These are the moments when everything is on the line—a sudden shift in the market, an unexpected performance decline, a time-sensitive deal, a fork-in-the-road decision. But it's not what we do that makes a difference, it's how we do it.

Tackling situations when time is of the essence is part of our DNA—so we adopt an action-oriented approach at all times. We work in small, highly qualified teams with specific industry and functional expertise, and we operate at pace, moving quickly from analysis to implementation. We stand shoulder to shoulder with our clients until the job is done and only measure our success in terms of the results we deliver.

Our approach enables us to help our clients confront and overcome truly future-defining challenges. We partner with you to make the right decisions and take the right actions. And we are right by your side. When it really matters.

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