

Environmental Services

INDUSTRY UPDATE | SEPTEMBER 2025





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Insights and Observations

Stout is pleased to present our inaugural Environmental Services Industry Update. Through our team's deep experience in advising leading environmental services businesses, and dialogue with key industry participants, we have developed unique insights outlined below, followed by an in-depth discussion of macroeconomic and subsector trends, recent M&A, and valuation trends.

- ❖ While the recent U.S. macroeconomic climate has created somewhat of a mixed bag for M&A activity, the environmental services sector has demonstrated resilience as demand for non-discretionary services remains strong.
- ❖ Public equities in the environmental services space have experienced meaningful growth across Stout's subsector indices as many large players have accomplished record-level financial performance.
- ❖ The M&A market for environmental services remains active for both strategics and financial sponsors. Large strategics are pursuing ways to scale adjacent service offerings and capture opportunities created by sustainability initiatives. Record private equity dry powder and deep interest in the environmental services space has driven elevated volumes of sponsor activity.
- ❖ The environmental consulting sector, a ~\$27B U.S. market in 2025, is experiencing strong demand driven by stricter regulations and ESG commitments, attracting capital inflows, M&A activity, and growing interest from investors due to its scalability and robust performance with rising public valuations.
- ❖ We hope that you find this edition helpful and that it serves as a valuable resource in staying up to date on the market. We look forward to staying in touch and encourage you to contact us directly if you would like to discuss our perspectives on current industry trends, M&A opportunities, or our relevant experience.

Tracking the Trump Administration's Impact on the Environmental Services Sector

The Trump administration's approach to the environmental services sector has been marked by a deliberate rollback of regulations and a reprioritized shift toward fossil fuel development, often at the expense of renewable energy initiatives and increased scrutiny of environmental protections

- ❖ During Donald Trump's first presidency (2017–2021), the administration's policies and priorities regarding the environmental services sector reflected a broader focus on deregulation and support for economic growth, often involving scrutiny of environmental protections. The administration argued that many environmental regulations were overly burdensome to businesses and stifled economic development, particularly in industries such as energy, manufacturing, and agriculture.
- ❖ The Trump administration's second term largely continues the direction taken from 2017-2021. On his first day back in office in January 2025, President Trump signed Executive Order 14162, withdrawing the United States from the Paris Agreement for the second time. This move signaled a departure from international climate commitments and underscored the administration's prioritization of domestic energy production over global environmental collaboration. Further, the administration rescinded a 2024 rule that had reduced fees for wind and solar projects on federal lands by 80%, arguing that the rule unfairly favored renewable energy over traditional sources.
- ❖ While the Trump administration's environmental policies have largely focused on deregulation and fossil fuel development, there have been some initiatives that proponents argue could yield positive outcomes for certain sectors and communities. It's important to note that these initiatives have been met with both support and criticism, reflecting the complex balance between economic development and environmental stewardship.
 - **Streamlining and Expediting Environmental Permitting Processes:** By reducing bureaucratic delays for energy and infrastructure projects, these actions aim to facilitate job creation and economic growth, particularly in regions reliant on energy production.
 - **Emphasis on Domestic Energy Production:** Efforts to increase domestic energy production, including oil, natural gas, and coal, are intended to enhance energy independence and economic stability. Supporters argue that bolstering domestic energy resources can lead to lower energy costs and increased employment opportunities in the energy sector.
 - **Focus on Economic Efficiency in Environmental Policy:** The administration has prioritized economic efficiency in environmental decision making, seeking to balance environmental protections with economic considerations. This approach is designed to ensure that environmental regulations do not impose undue burdens on businesses and consumers.

What the Administration's Actions Have Meant for Environmental Services Investors

The outlook for environmental services subsectors under the Trump administration remains mixed, shaped by government support, regulatory policies, and industrial activity

Subsector	Outlook	Key Drivers	Trump Policy Impact	Strategic Implications
Solid Waste Collection	● Stable to Positive	Urban growth, municipal contracts, essential infrastructure demand	Minimal; core service demand is steady	Defensive investment; stable cash flows
Recycling	● Mixed	Commodity prices, export restrictions, lack of federal incentives	Weaker federal support with fewer mandates / incentives; tariffs benefit metals segment	Success depends on material type, state policy, and tech adoption
Environmental Consulting (Regulatory Compliance)	● Stable to Positive	State-level env. regulations (air, water, waste), EPA enforcement	Rollbacks reduce demand for permitting, audits, and assessments	Firms reliant on EPA work / federal mandates see opportunities to adapt as demand shifts to state projects
Env. Cons. (Infrastructure & Development)	● Stable to Positive	NEPA reviews, land use planning, energy / infrastructure permitting	Fast-tracked permitting increases demand for streamlined assessments	Growth opps. in oil & gas, transport, mining, and industrial devel. projects
Wastewater Technologies	● Cautiously Positive	Aging infrastructure, PFAS rules, industrial water reuse	Federal delays in PFAS and water rules, but local pressure persists	Focus on industrial clients and state / local work; prioritize high-value tech like reuse and filtration
Environmental Remediation	● Mixed	Oil & gas activity (↑), industrial sites (↔) Superfund and brownfield cuts (↓)	Fossil fuel boom = (↑) spill response, (↓) federal cleanups	Focus on private-sector clients tied to energy and ESG-driven client

Cross-Cutting Investment Themes in Environmental Services Today

- ❖ **State vs. Federal Divergence:** Private investment can capitalize on regulatory proactivity at the state level (especially stricter enforcement states such as CA, NY and WA), even if the federal government is pulling back.
- ❖ **Buy-and-Build Potential:** Many environmental niches remain highly fragmented, especially testing, compliance, and remediation.
- ❖ **Digital Transformation:** Environmental firms adopting data analytics, artificial intelligence, or automation offer better scalability and exit potential.
- ❖ **ESG-Driven Customers:** Regardless of federal mandates, multinational corporations still demand environmental services to meet stakeholder expectations.

U.S. Macroeconomic Backdrop

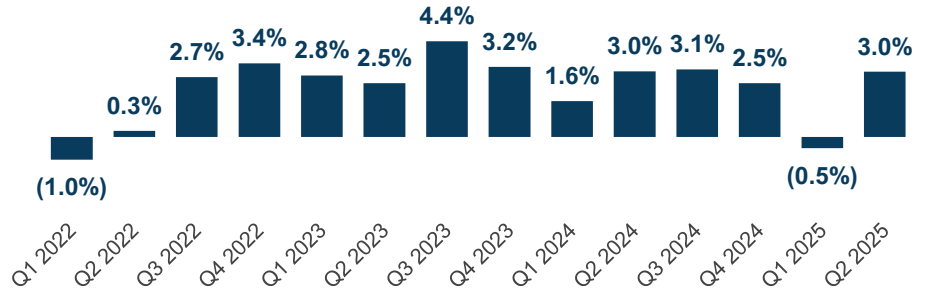
Many environmental services segments maintain stable, non-cyclical demand, and macroeconomic indicators point to continued growth even in sensitive areas like special waste and industrial services

In Q2 2025, the U.S. Economy Rebounded Modestly, While Inflation Showed Signs of Easing

- ❖ U.S. real GDP grew 3.0% in Q2 2025 after a 0.5% decline in Q1. Environmental services outperformed the broader economy, supported by resilient demand and steady cash flows, while growth was driven by stronger consumer spending and modest export gains.
- ❖ Labor market conditions remained stable, while consumer confidence showed a slight improvement. Ongoing concerns around trade policy and global uncertainty continued to weigh on confidence despite early signs of inflation stabilization.
- ❖ Manufacturing activity remained subdued, while environmental services and other service sectors continued to underpin overall economic growth.

Real U.S. Quarterly GDP Growth

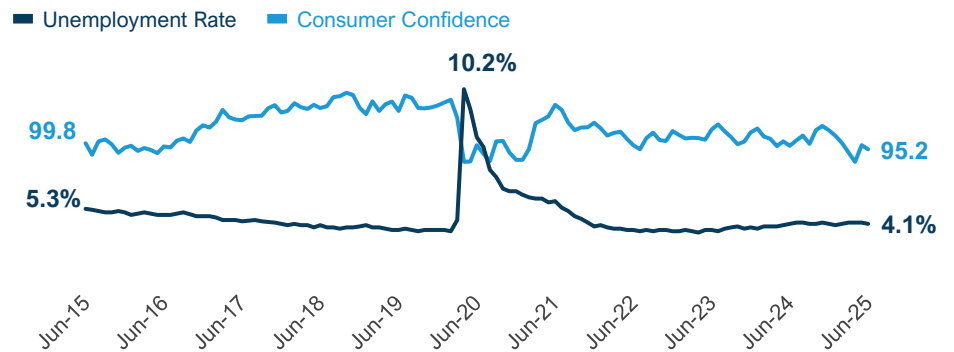
(Annualized quarterly percentage change)



Source: S&P Capital IQ

U.S. Unemployment Rate and Consumer Confidence

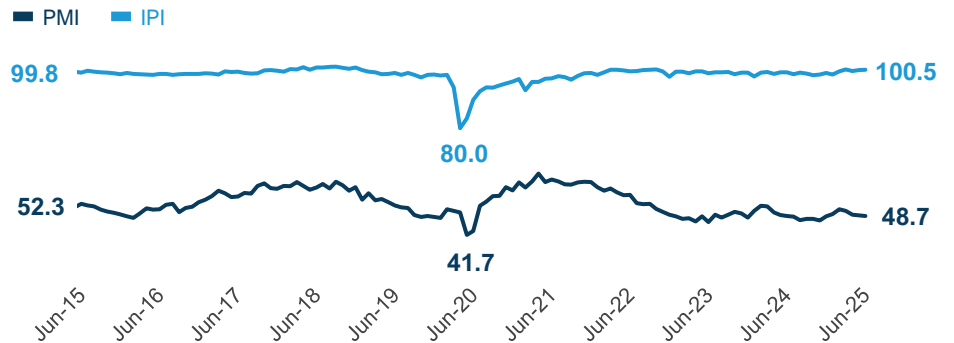
(Percentage of unemployed persons in U.S. labor force; index of consumer sentiment)



Source: Federal Reserve Economic Data

Purchasing Manager's Index and Industrial Production Index

(PMI reflects health of manufacturing and services sectors from 0 – 100 [>50 represents expansion]; IPI measures levels of industrial production indexed to 100.0 in 2017)



Source: S&P Capital IQ and Federal Reserve Economic Data

Spotlight: Environmental Consulting

Steady annual growth of 6% is forecasted for the industry in the near-term with additional investments in infrastructure and associated services driving non-discretionary demand

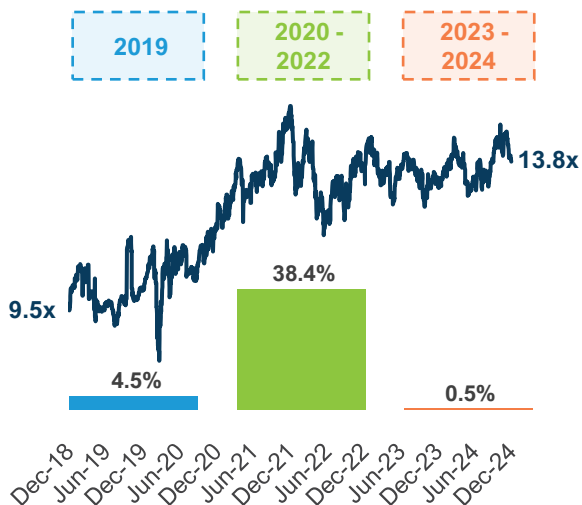
Sector Overview

- ❖ The impact of more stringent environmental regulations and widespread ESG commitments made by large U.S. companies has driven strong demand for environmental consulting services, representing a ~\$27B market in the U.S. in 2025.
- ❖ The sector is in the early stages of seeing capital inflows and increased levels of M&A as large strategics and newly-formed private equity platforms seek to scale through a buy-and-build strategy.
- ❖ Regional consultancies have scaled organically through fragmented state and local regulatory requirements; however, many customers are seeking to consolidate their spend to consultancies with capabilities across multiple geographies and services.
- ❖ Burgeoning public valuations (~4.0x multiple expansion over the last 5 years) reflect the sector's strong anticipated performance and the robust demand exhibited by investors.

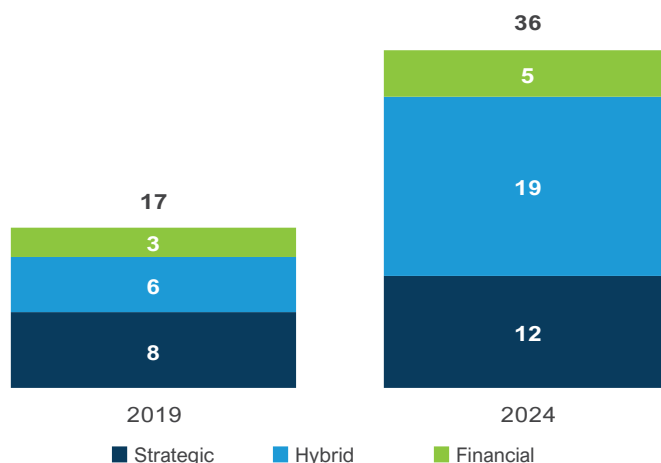
Key Sector Consolidators



EV/NTM EBITDA Multiples



M&A Volume by Acquiror Type



Source: S&P Capital IQ as of 12/31/2024, Stout Proprietary Index, IBIS World, Mordor Intelligence

Public Market Update

STOCK PRICE PERFORMANCE

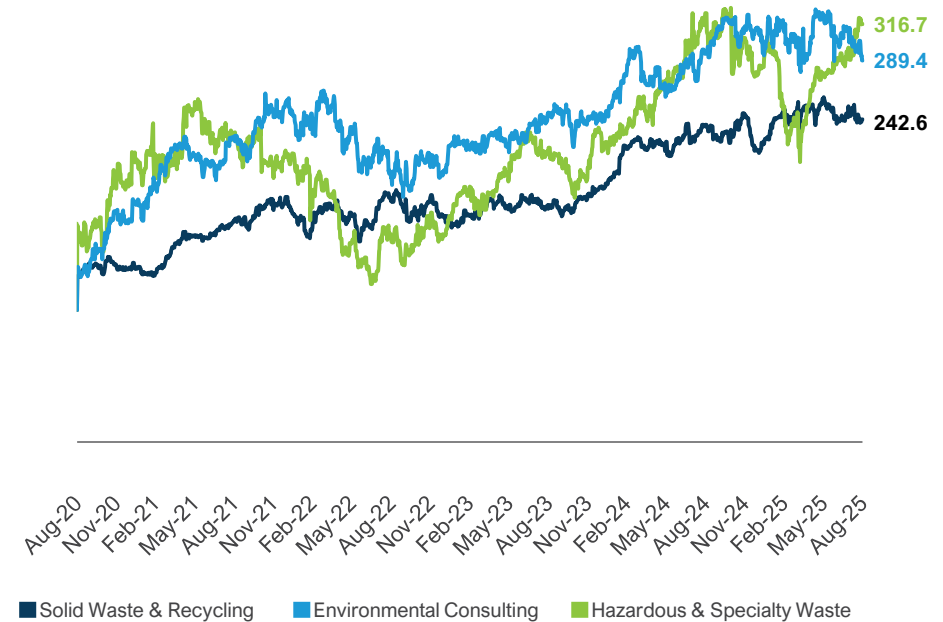
❖ Following a relatively short-lived sell-off following the U.S. presidential election, driven by uncertainty related to tariffs and the broader regulatory environment, all three Stout Environmental Services Indices have returned to or even surpassed prior highs. Broad-based economic resilience and an anticipated interest rate cut by the Federal Reserve in September have further bolstered investor confidence.

VALUATION METRICS

❖ Public valuation multiples remain consistent relative to historical levels across the sector, driven by continued growth and profitability expectations. The Stout Hazardous & Specialty Waste Index continues to trade at a discount to other subsector indices primarily due to exposure to more cyclical end markets and greater sensitivity to industrial spending.

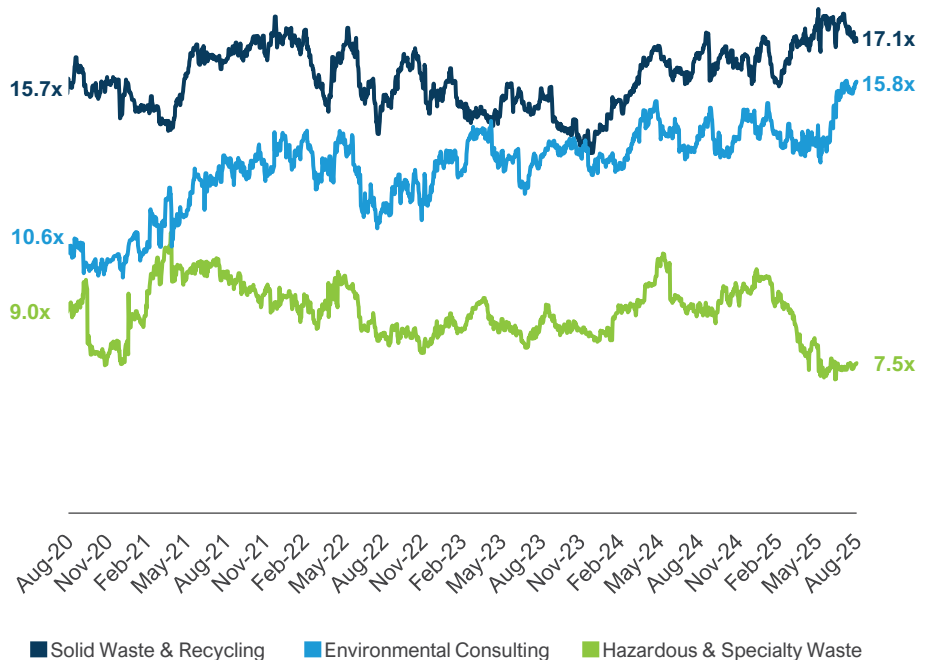
Sub-Vertical Indexed Stock Performance — Last 5 Years

(Indexed to 100.0 as of 8/31/2020)



Source: S&P Capital IQ as of 8/31/2025, Stout Proprietary Index

Sub-Vertical EV/NTM EBITDA Multiples — Last 5 Years



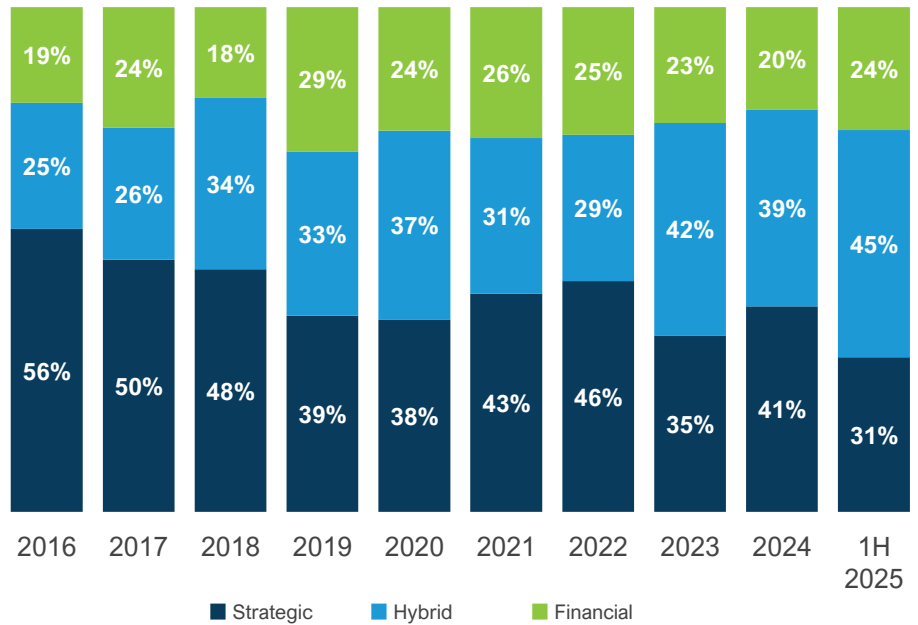
Source: S&P Capital IQ as of 8/31/2025, Stout Proprietary Index

M&A Update

ACTIVITY BY ACQUIROR TYPE

❖ M&A activity has remained strong through 2025, with both strategic buyers and sponsor-backed investors actively pursuing deals. In particular, financial sponsor involvement continues to grow, as PE platforms or PE-backed portfolio companies (i.e., hybrids) accounted for the highest proportion of M&A activity over the last decade.

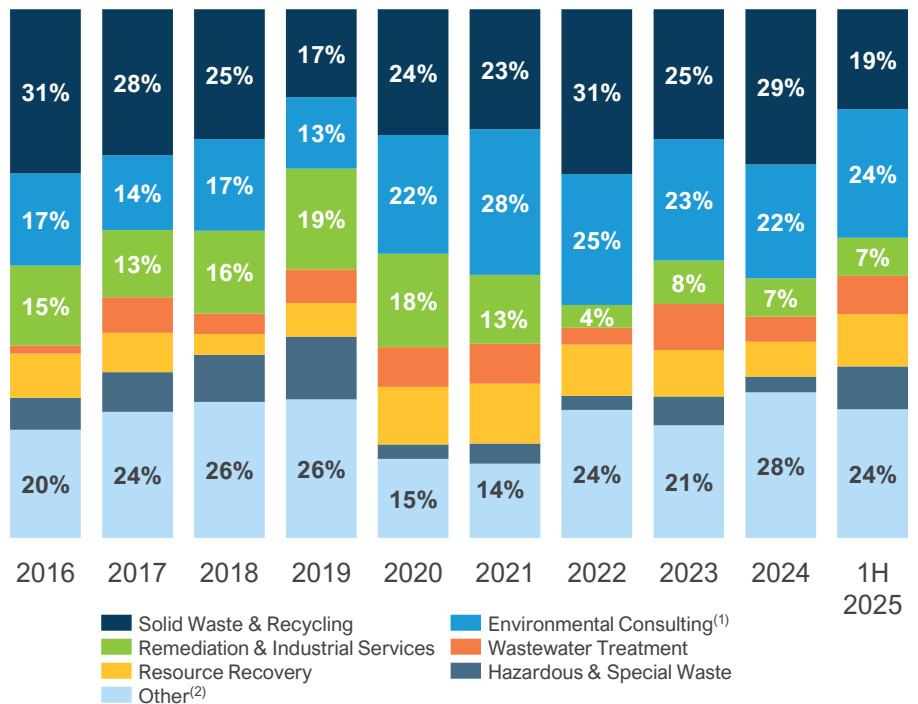
M&A Volume by Acquiror Type — Last 10 Years



ACTIVITY BY SUB-VERTICAL

❖ The solid waste & recycling and environmental consulting sub-verticals led M&A activity in 2025. With fewer large “A-tier” assets available, tuck-in and mid-sized deals are driving much of the momentum, reflecting both consolidation among strategics and continued appetite from sponsors to capture growth opportunities in a fragmented market.

M&A Volume by Sub-Vertical — Last 10 Years



(1) Includes consulting & engineering and testing & analytical services

(2) Includes metal recycling, oilfield waste, environmental equipment, water & waste utilities, and clean energy

M&A Update (cont.)

SELECTED RECENT TRANSACTIONS

Date	Target (Seller)	Acquiror (Ownership)	Subsector
Aug-25	O6 Environmental (Warren Equity Partners)	Quad-C	Remediation & Industrial Services
Aug-25	Liquid Recovery Solutions	Eazy Grease	Commercial Recycling
Jul-25	Liquid Environmental Solutions (Audax)	Goldman Sachs Asset Management (NYSE: GS)	Special Waste & Industrial Services
Jul-25	Voyager Trucking	Mascarene Partners	Solid Waste & Recycling
Jul-25	Sepratech Liquid Solutions	HKW	Wastewater Treatment
Jul-25	Radius Recycling (NasdaqGS: RDUS)	Toyota Tsusho America (TSE: 8015)	Solid Waste & Recycling
Jun-25	Newterra (Frontenac)	Grundfos	Wastewater Treatment
Mar-25	NV5 Global (NASDAQ: NVEE)	Acuren Corporation (NYSE: TIC)	Consulting & Engineering
Mar-25	HighGround Restoration (Trivest)	Knox Lane	Disaster Restoration
Feb-25	Atomic Transport (Comvest)	J.F. Lehman	Solid Waste & Recycling
Feb-25	Shamrock Environmental (CenterOak)	Republic Services (NYSE: RSG)	Special Waste & Industrial Services
Jan-25	Environmental Remedies (ERI)	ICV Partners	Special Waste & Industrial Services
Jan-25	Triumvirate Environmental	Berkshire Partners	Special Waste & Industrial Services
Jan-25	ALL4 (JMH Capital)	Levine Leichtman Capital Partners	Consulting & Engineering
Jan-25	Mostardi Platt	Incline Equity Partners	Consulting & Engineering
Jan-25	GFL Environmental Solutions Division (TSX: GFL)	Apollo (NYSE: APO)	Special Waste & Industrial Services
Dec-24	Stamback Services	FusionSite Services (The Cynosure Group)	Site Services
Oct-24	Reworld (EQT)	GIC	Waste-to-Energy
Sep-24	Shenandoah Industrial Solutions (KLH Capital)	GenNx360 Capital Partners	Special Waste & Industrial Services
Sep-24	Miller Environmental Group (GenNx360 Capital Partners)	Coalesce Capital	Special Waste & Industrial Services
Aug-24	Long Island Waste Services	Terramont Infrastructure	Solid Waste & Recycling
Aug-24	Rent-A-John	RF Investment Partners	Site Services
Jul-24	Winters Brothers (Clairvest)	WM (NYSE: WM)	Solid Waste & Recycling
Jul-24	Whitetail Disposal / LMR Disposal	Casella Waste (NASDAQ: CWST)	Solid Waste & Recycling

M&A Update (cont.)

SELECTED RECENT TRANSACTIONS

Date	Target (Seller)	Acquiror (Ownership)	Subsector
Jul-24	Dover Enviro Solutions Group (NYSE: DOV)	Terex (NYSE: TEX)	Technology & Equipment
Jul-24	Best Trash (Amberjack Capital)	H.I.G. Capital	Solid Waste & Recycling
Jun-24	GFL Detroit Metro Resi. LOB (TSX: GFL)	Priority Waste	Solid Waste & Recycling
Jun-24	Circulus (Ara Partners)	Dow Chemical (NYSE: DOW)	Commercial Recycling
Jun-24	Stericycle (NASDAQ: SRCL)	WM (NYSE: WM)	Special Waste & Industrial Services
May-24	Whitecap Waste (Whitecap Enterprises)	Firmament	Solid Waste & Recycling
Apr-24	Angelo's Recycled Materials	GFL (TSX:GFL)	Solid Waste & Recycling
Mar-24	Atmos Technologies (Palo Duro Capital)	Insight Equity	Technology & Equipment
Mar-24	USA Debusk	H.I.G. Capital	Special Waste & Industrial Services
Mar-24	Nonantum Capital Partners	Momentum Environmental Services	Special Waste & Industrial Services
Feb-24	Evergreen North America Ind Svcs (The Sterling Group)	Quanta Services (NYSE: PWR)	Special Waste & Industrial Services
Feb-24	HEPACO (Gryphon Investors)	Clean Harbors (NYSE: CLH)	Special Waste & Industrial Services
Feb-24	Compactor Rentals of America (Bestige Holdings)	Kinderhook Industries	Technology & Equipment
Jan-24	Envirosafe Services of Ohio	Heritage Crystal Clean (J.F. Lehman)	Special Waste & Industrial Services
Jan-24	Waste Resource Management (WRM)	Ridgewood Infrastructure	Special Waste & Industrial Services

Environmental Services Practice

STOUT CONTACTS



Sid Chhabria
 Head of Environmental Services
schhabria@stout.com
 +312.752.3379



Jack Kedroski
 Senior Vice President
jkedroski@stout.com
 +312.237.4872



Luke Wallace
 Associate
llwallace@stout.com
 +312.765.7256



Sakshee Jain
 Analyst
sjain@stout.com
 +646.248.5663

FOCUS AREAS



Solid Waste and Recycling



Hazardous and Special Waste



Industrial and Field Services



Consulting and Engineering



Water and Wastewater



Disaster Response and Recovery

STAMBACK SERVICES
 has acquired
FUSIONSITE
 a portfolio company of
 THE CYNOSURE GROUP
 SELL-SIDE ADVISOR

PRIORITY
 INNOVATE • OPERATE
 has completed a recapitalization financed by a second lien term loan with
TPG
 ANGELO GORDON
 SOLE PLACEMENT AGENT

Insight Equity
 has acquired
ATMOS
 a portfolio company of
PALO DURO CAPITAL
 BUY-SIDE ADVISOR & FINANCING

PRIORITY
 INNOVATE • OPERATE
 a portfolio company of
TRP Capital Partners
 completed a growth financing with
ARES
 SOLE PLACEMENT AGENT

ambipar
 has acquired
WITT O'BRIEN'S
 A division of
SEACOR
 A portfolio company of
 AMERICAN INDUSTRIAL PARTNERS
 BUY-SIDE ADVISOR

UCC environmental
 has been acquired by
CLAVIS
 CAPITAL PARTNERS
 SELL-SIDE ADVISOR

LEW CORPORATION
 has been acquired by
EVOLUTION CAPITAL PARTNERS
 SELL-SIDE ADVISOR

RAINBOW ENVIRONMENTAL SERVICES
 has been acquired by
REPUBLIC SERVICES
 SELL-SIDE ADVISOR



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