



Growth Within the Environmental Services M&A Market



Increased focus on environmental, social, and governance (“ESG”) investing is changing the landscape for the environmental services industry and its investors. In the U.S., environmental services is a \$400 billion industry with steady growth that’s expected to continue through the next decade. Growth is driven by a dynamic regulatory landscape, increased corporate commitment to sustainability, and a continued emphasis across the U.S. on reusing and recycling. All these factors fuel the merger and acquisition activity for these types of companies.

Using OECD guidance, we define environmental services as including Waste and Recycling, Specialty Waste Services, Environmental Consulting and Remediation, Response and Restoration, and Industrial In-Plant Services.

Investor interest in acquiring or financing environmental services companies stems from the need to replace aging infrastructure and remediate environmental crises. For example, growing industrialization across the globe is a main factor that provides new growth opportunities for industrial wastewater treatment. The heightened regulatory and sustainability mandates have increased the demand for water purification and industrial wastewater treatment. According to Bluefield Research, water-related M&A surged in 2021 as measured by the number of water transactions and disclosed deal values. At 498 announced deals, a 34% increase over 2020, scaling confidence in water-related solutions and strategies to address water quality concerns, climate-related risks, and failing critical infrastructure is being manifested through company acquisitions. The number of investors and companies seeking these types of acquisitions is on the rise.

“Behind this jump is a convergence of critical factors shaping opportunities in water that include a mounting focus on ESG and corporate sustainability, federal infrastructure legislation, such as the Infrastructure Investment and Jobs Act, and available capital for investment,” says Reese Tisdale, President & CEO of Bluefield Research. “It is also worth noting that strategic and financial investors are increasingly aggressive in their approaches to water M&A, thereby driving up competition and values.”

Contact me to discuss your specific situation.

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Selected Environmental Services M&A Transactions



Pentair Completes Acquisition of Manitowoc Ice

July 28th, 2022 - Pentair plc (NYSE: PNR), a leading provider of water treatment and sustainable solutions, announced that it has completed the previously announced transaction to acquire Manitowoc Ice from Welbilt, Inc. (NYSE: WBT) for \$1.6 billion, subject to customary adjustments. Manitowoc Ice is a leading provider of commercial ice makers.



Evoqua Water Technologies Completes Acquisition of EPICOR, Inc.

July 18th, 2022 - Evoqua Water Technologies (NYSE: AQUA), an industry leader in mission-critical water treatment solutions, has acquired privately-held EPICOR, Inc., a leading manufacturer of high-quality powdered ion exchange resins and resin/fiber mixtures for the power industry. Headquartered in Linden, New Jersey, EPICOR has supplied specialty resins for power steam system treatment for fifty years.



Emco Oilfield Acquires New Mexico Water Rights

June 9th, 2022 - Emco Oilfield Services, a portfolio company of NextMart, has acquired New Mexico water rights to expand its water capacity for its water stations in the Permian Basin. The acquisition of more New Mexico water rights is in direct response to the current fast-growing needs of its current clients, and new clients that are coming on board, due to the increased oil and gas activity in the Permian Basin. Water stations provide a vital source of water needed to drill oil and gas wells.



A. O. Smith Buys Atlantic Filter Corporation

June 9th, 2022 - Water technology company A. O. Smith Corporation (NYSE: AOS) announced it acquired Atlantic Filter Corporation, a Florida-based water treatment company in an all-cash transaction. Terms of the transaction were not disclosed. Atlantic Filter joins other A. O. Smith acquisitions Aquasana (2016), Hague Quality Water (2017), Water-Right Group (2019) and Master Water Corporation (2021) in the company's growing North America Water Treatment business.



Bain Capital Invests in AqueoUS Vets

January 26th, 2022 - Bain Capital Double Impact, has made a growth investment in AqueoUS Vets, a vertically integrated manufacturer of water treatment services. The investment will be used to expand AV's treatment services across the country, broaden and diversify its services, and further its mission of reducing contaminants prevalent in the U.S. water service. AV is a provider and servicer of water treatment services addressing contaminants in water infrastructure.

Source: *Mergers & Acquisitions*, www.themiddlemarket.com