

Waste management companies in Europe 2007

by
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1. Takeovers and mergers of European waste companies 2006-2007

In 18 months from the start of 2006 there have been 16 major mergers and acquisitions in waste management companies in Europe, with a total price of over €12.5 billion Euros. The companies which have changed hands have a total turnover of €6.6 billion Euros, employing 39,000 workers.

Grouped according to the buyers, these transactions included:

- In May 2006, Veolia purchased Biffa Belgium, fourth largest company in the Belgian waste market, for €62.4.¹
- In June 2006 Veolia bought Cleanaway UK from Brambles for €859 million: Veolia's total UK waste business now has annual turnover of over €1.6 billion.²
- In April 2007 Veolia bought Sulo, the second largest German waste group, for €1.43 billion, Veolia's largest purchase since its separation from Vivendi in 2002.³
- In May 2007 Veolia bought a 75% stake in the Italian incineration company TMT, with the option of a 100% stake by 2012.⁴
- In January 2006 FCC bought the Austrian company ASA from EdF.⁵
- In June 2006 FCC bought the UK company Waste Recycling group (WRG) for €2 billion.⁶
- In January 2006 private equity funds KKR and CVC bought the Dutch waste company AVR from the municipality of Rotterdam.
- In January 2007 KKR and CVC bought all the shares of Van Gansewinkel, and merged the company with AVR.⁷
- In May 2007 the SAUR group was purchased by a consortium of the French state financial investor CDC, Séché, and Axa, for a total of €1.72bn. A bonus of €36m, 5% of PAI's gains, was paid out to 10,000 French employees of SAUR.⁸
- In April 2007 Alba bought U-plus from Energie Baden-Wuerttemberg AG (EnBW), itself majority-owned by EdF, for between €150m and €200m.⁹
- In December 2006 Befesa, the waste division of Spanish group Abengoa, bought the Swedish company BUS, Europe's largest recycler of industrial steel **waste**.¹⁰
- In March 2007 Delta NV, a Dutch multi-utility owned by Dutch municipalities, bought a 60.1% stake in Indaver from VMH, the Belgian public authority for environmental services in Flanders. VMH retains 16% of Indaver, Sita(Suez) owns 14.9%, other companies own 9%.¹¹
- In December 2006 Remondis bought 40% of the shares in the Dutch waste company ARN bv: Dutch municipalities retain the other 60%
- In March 2007 a consortium of private investors, including ABN AMRO's Global Infrastructure fund, bought Cory Environmental for £588 million from Montagu Private Equity sold. Montagu acquired Cory in 2005 for £205 million.¹²
- In June 2006 the UK group Shanks bought the small Dutch private waste group Smink Beheer for €63m.¹³
- In October 2006 Biffa was spun off by Severn Trent in a €1.4 bn. IPO on the stock exchange.
- In March 2007 Equest Investment Balkans bought three Bulgarian companies with waste concessions in the capital Sofia.¹⁴

Table 1. Change of ownership in European waste companies January 2006- June 2007

Note: UK deals converted at €1=£0.7

Date	Company	Country	Sales €m.	Employees	Bought by	%	Price €m.	Sold by	Notes
May 2007	TMT****	Italy	97	250	Veolia	75	250	Termomeccanica Ecologia	Largest Italian incineration and thermal waste treatment
May 2007	SAUR*	France	291	2500	CDC/Séché/Axa	100	1720	PAI PE	PAI bought SAUR for €1.1bn in 2005
April 2007	Sulo	Germany	1300	8000	Veolia	100	1450	Blackstone + Apax PE	5 th largest European waste company, 2 nd in Germany. B+A paid €500 for Sulo in 2004, then €570 for Cleanaway Deutschland in 2005.
April 2007	U-plus	Germany	240	1200	Alba	100	200	EnBW/EdF	
April 2007	Christota AD, Wolf 96 OOD and Ditz AD ***	Bulgaria	50	800	Equest Investment Balkans PE		50		Three companies hold waste concessions for Sofia. Equest specialises in investing in Balkan countries.
March 2007	Cory Environmental	UK	260	1000	ABN AMRO GIF + Finpro SGPS, + Santander PE	100	840	Montagu PE	Montagu bought in 2005 for €300
February 2007	Van Gansewinkel**	Netherlands	600	4000	KKR + CVC PE	100	1400	Private owners/ING	Merged with AVR, bought in 2006.
February 2007	Indaver	Belgium	233	713	Delta nv	60	285	VMH (public auth)	Sita holds 14.9%; VMH retains 25%; other industrials 9%
December 2006	ARN bv	Netherlands	49	86	Remondis	40		Municipalities	
November 2006	BUS	Sweden	185	335	Befesa (Abengoa)	100	330	Star Capital PE	Largest European steel waste recycler. Star bought BUS in 2005, made 'healthy profit'. Befesa was formerly Spanish subsidiary of BUS, sold to Abengoa in 2001.
October 2006	Biffa	UK	1050	5440	Stock exchange IPO	100	1400	Severn Trent	Spun off by Severn Trent after separate sale of Belgian operations.
June 2006	Cleanaway (UK)	UK	684	7500	Veolia	100	859	Brambles	
June 2006	WRG*****	UK	827	2000	FCC	100	2000	Terra Firma PE	Largest landfill co in UK. TF paid €760 for WRG in 2003 then €325 for Shanks landfill in 2004; retained WRG renewable energy business, est. value €930
June 2006	Smink Beheer	Netherlands	50	170	Shanks	100	65	Private owners	
May 2006	Biffa (Belgium)	Belgium	85	500	Veolia	100	62	Severn Trent	4 th largest waste co in Belgium
March 2006	AVR	Netherlands	500	2100	KKR + CVC PE	100	1400	Rotterdam municipality	AVR staff were 2500 in 2005, KKR say 2100 in 2007.
January 2006	ASA	Austria	198	2486	FCC	100	229	EdF	
TOTALS			6699	39080			6345		

* SAUR: sales and employment for waste division only

** Van Gansewinkel: sale price estimated by PSIRU as similar to price of AVR with similar turnover

*** Equest in Bulgaria : PSIRU estimate

****TMT employees: PSIRU estimate

*****WRG employees: PSIRU estimate

2. Private equity groups

Private equity firms were involved in half of the deals either as buyer or seller, and were involved in all the largest deals. Three companies were sold by PE groups to multinationals: Blackstone and Apax sold Sulo to Veolia, Terra Firma sold WRG to FCC, and Star Capital sold BUS to Befesa. Cory was sold by one PE group, Montagu, to a consortium of three other PE groups, and SAUR was sold by PAI to a consortium including a French state fund, a waste company, and an insurance group. In the other direction, two Dutch companies, AVR and Van Gansewinkel, were bought and merged by KKR and CVC, and three Bulgarian companies were bought by Equest, a PE group specialising in Balkan investments.

The PE groups are not however remaining as long-term investors: on average, the companies sold by PE groups in these transactions had only been held by the groups for 2.3 years. There is no evidence that waste management companies are being treated by PE groups as long-term infrastructure investments valued for their long-term stable cash flows. Profits are being taken through short-term capital gains, through exits after 2 or 3 years, as with other PE investments. The figures are not distorted by the exclusion of continuing PE investments in waste companies, because these include all major PE investments in European waste companies.

These profits are significant. As shown by the table, these seven deals have provided profits of nearly €2.5 billion for initial investments of about €3.5bn., an average return of 69% in less than 2.5 years, or about 30% per annum. The data in the table understates the true returns, as Terra Firma retains part of WRG estimated to be worth £900m, in addition to the profits realised: if this was included, the overall level of profit would be close to 100%.

Even after the exits, another effect of PE intervention remains in the higher gearing – proportion of debts to shareholder equity – of the companies. Veolia's gearing has increased significantly as a result of raising €2.3 billion to buy Cleanaway and Sulo¹⁵

Table 2. Private equity groups duration and profits in waste management

Company	PE group	Year bought	Year sold	yrs	Buy price	Sell price	Profit €	Profit % of purchase price
SAUR	PAI	2005	2007	2	1100	1720	620	56%
Sulo	Blackstone/Apax	2004	2007	3	500	1450	380	36%
Cleanaway DE	Blackstone/Apax	2005	2007	2	570	-	-	-
Cory	Montagu PE	2005	2007	2	300	840	540	180%
WRG	Terra Firma	2003	2006	3	760	2000	915	89%
Shanks landfills	Terra Firma	2004	2006	2	325	-	-	-
Average (excl BUS)				2.3	3555	6010	2455	69%
BUS	Star Capital	2005	2007	2	-	330	'healthy'	-

Notes: 1. The profit shown for Sulo-Blackstone/Apax, and WRG-Terra Firma, takes account of the cost of other companies bought and merged (Cleanaway DE, Shanks Landfill). 2. The profit shown for Terra Firma does not take account of the value of the retained renewable energy business of WRG, estimated to be worth a further €900m.

In addition, the private equity group Apax held a 8.9% minority stake in Seche between 2002 and 2006. This holding resulted from the takeover by Seche in 2002 of Tredi, in which Apax had taken a minority stake since 1999, worth €38.9m. In 2006 Apax sold its shares in Seche for a sum slightly less than 4 times their original investment in Tredi.¹⁶

3. Concentration

3.1. European level concentration

There has been significant concentration in the sector as a result of the transactions since the start of 2006. Veolia increased its share of the market by buying Cleanaway UK, Biffa's operations in Belgium, and finally Sulo –formerly the 5th largest European group, which itself had absorbed the operations of Cleanaway in continental Europe. FCC increased its position by buying the leading Austrian company ASA (from EdF) and WRG in the UK: its turnover now at least equals Remondis. Alba's takeover of U-plus, and the merger of AVR/Van Gansewinkel, have created enlarged companies about the same size as Biffa.

Three multinationals have left the sector altogether: Electricite de France (EdF) sold its Austrian waste operation Asa and the waste company of its German affiliate EnBW; the Australian group Brambles sold Cleanaway; and Severn Trent sold Biffa through floating it on the stock market. These exits follow the decision by RWE to sell its waste operation in the previous year.

Some of the large companies remain owned and controlled by private individuals and families, like Remondis/Rethmann and Alba in Germany, Saubermacher in Austria, Nicollin in France and Ragn-Sells in Sweden, but private owners sold their stakes in the Dutch companies Van Gansewinkel and Smink Beheer.

The public sector has been involved in three main transactions. The Belgian public authority VMH sold a majority of Indaver to another public sector company, Delta, owned by municipalities in a neighbouring country, Netherlands. Dutch municipalities sold 40% of ARN to Remondis. The French state fund, CDC, led the consortium, including Séché, which bought SAUR and its waste division Coved; CDC also increased its stake in Séché to 20%. The net effect is that public sector ownership has slightly increased, although the principal measure of the public sector role in waste management is the extent to which work is outsourced.

Table 3. Largest municipal waste management companies in Europe 2007

(P=private; PE=private equity; M=multinational, stock exchange listed; Mun=municipal)

				sales (€m.)	
		Parent country	Parent type	Europe	Global
Veolia/Onyx	Veolia	France	M	6600	8900
Sita	Suez	France	M	4500	5000
Remondis	Rethmann	Germany	P	2900	
FCC		Spain	M	2800	
Urbaser	ACS	Spain	M	1275	
Biffa		UK	M	1100	
Alba		Germany	P	1100	
AVR/Van Gansewinkel	KKR/CVC	(USA/UK)	PE	1030	
Cespa	Ferrovial	Spain	M	823	
CNIM		France	M	522	
Shanks		UK	M	509	
Lassila & Tikanoja		Finland	M	436	
Séché		France	M	379	
Ragn-Sells		Sweden	M	348	
Delta		Netherlands	Mun	336	

Source: Company reports; PSIRU calculations (combining sales of merged companies); Lindauer Managementberatung 2006¹⁷

There are now four clear categories of size of the waste multinationals. The leading pair of companies, Onyx/Veolia and Sita/Suez (€6.6 and €4.5 billion p.a., with even larger sales globally), are about twice the

size of Remondis or FCC, which in turn are two to three times the size of the next largest companies: Biffa, Alba, AVR/Van Gansewinkel (all around €1 billion p.a.), Urbaser (part of ACS), and Cespa (Ferrovial). Smaller French, Dutch, Austrian, Finnish, Swedish and British groups are still further behind

All commentators and observers expect further concentration through acquisitions. Among the largest companies, Biffa is expected to be the subject of a takeover bid; and KKR/CVC can be expected to try and sell the merged AVR/Van Gansewinkel at some point in the next 2 years.

3.2. National level concentration

The concentration can be observed at national level as well. The percentage market share of the three largest waste companies exceeds 40% in Spain, France, Netherlands and Belgium, and is close to it in Germany. In the UK the percentage has certainly risen, following the takeovers of Cleanaway and WRG: some major operators including Biffa and Viridor (waste subsidiary of water company Pennon) are expected to be the subject of takeover bids in the near future. In other countries there has been concentration as well, for example the Saubermacher-Rumpold merger in Austria in 2006.

In the Czech republic, ASA – now part of FCC - has become the largest waste management company as a result of acquiring two smaller waste operators during 2006.¹⁸

There continues to be evidence of established companies from western or central Europe exploiting business in eastern Europe through contractual manipulation. The case of Cleanaway's waste contract in Tallinn (see annex) is an example of excessive prices, management fees and dividends being extracted.

Table 4. Concentration by country 2006: percentage market share of largest three operators

Country	% share of largest 3 operators
Spain	57
France	47
Netherlands	44
Belgium	41
Germany	38
UK	23

Source: German Business Digest/Handelsblatt; Lindauer Managementberatung 2006¹⁹; PSIRU calculations;;

3.2.1. Concentration and remunicipalisation in Germany

Germany has seen the sharpest concentration in the last year. The German waste management market is worth some €12 billion. Recent takeovers have concentrated the waste management sector in Germany into four large private groups. There are now no waste disposal companies with annual sales over €100 m. left for sale in Germany. The private equity group KKR owns Dualen Systems Deutschland (DSD), better known for its licensing brand name Der Gruene Punkt (The Green Dot), which retains 90% of the recycling packaging market, but following recent mergers it may be difficult for KKR to sell DSD, since a sale to any of the large four would probably be prevented by competition authorities.²⁰ Alba hopes to expand into the packaging recycling market with its subsidiary Intersoh, and obtain 25% market share by 2012.²¹

According to a presentation by Lindauer consultants in 2006, the major trend in waste management in Germany is remunicipalisation, or insourcing, especially in the north Rhine-Westphalia region. Lindauer expects continued concentration in the sector, the growth of regional oligopolies, and concentration of municipal companies to take advantage of economies of scale.²²

Table 5. Market shares in German waste management

Company	Owner	% share
Municipalities		37.5
Remondis	Rethmann	18.2
Onyx/Sulo	Veolia	12.6
Sita	Suez	6.5
Alba	private	9.0
Other		16.2

Source: Lindauer 2006, Handelsblatt, PSIRU calculations

Table 6. Remunicipalisations in Germany

Municipality	Remunicipalisation
Südbrandenburgischer Abfallzweckverband	(in Vorbereitung)
Stadt Bergkamen	Übernahme der Energieversorgung und Abfallentsorgung in Eigenregie
Rhein-Sieg-Kreis	Übernahme der Abfallentsorgung
Rhein-Hunsrück-Kreis	Übernahme der Abfallentsorgung
Stadt Ludwigshafen	Übernahme der PPK-Abfälle in Eigenregie
AVR Dossenheim	Übernahme der kompletten Abfallsammlung
Kreis Uckermark	Gründung einer kreiseigenen Dienstleistungs-Gesellschaft mbH, um auch im gewerblichen Bereich tätig zu werden
ZVWA Fürstenwalde	Zweckverband Wasser- und Abwasserentsorgung Fürstenwalde und Umland – Übernahme der o.g. Gewerke in Eigenregie
Wasserwerke Potsdam	- Rückkauf der privatisierten Anteile durch die Stadt Potsdam und Übernahme der Aufgaben in Eigenregie

Source: Lindauer 2006

4. European Works Councils (EWCs)

The overall number of companies active in municipal waste management eligible for EWCs has reduced as a result of this concentration. Some of the internationally active companies have been absorbed – ASA, Cleanaway, Van Ganswinkel, Rumpold – and Biffa ceased to be an international operator since the sale of its Belgian operations. In addition, the German company AGR appears not to have any employees outside Germany now, since the sale of Hans Brochier (which has since been liquidated)²³; Essent has no waste management activities outside the Netherlands, according to its 2006 annual report²⁴. Delta now has to create an EWC, since its takeover of Indaver - Indaver was by itself too small to require a European works council, and Delta was operating only in the Netherlands. Two groups which appear to specialise in industrial waste, and have no little or no business in municipal waste, have been omitted from the table: the German company Lobbe, and Befesa, part of the Spanish group Abengoa. The table includes Novera, the holding company of Equest, although so far it only appears to have operations in one country, Bulgaria, as it may be a significant operator in future.

The number of workers covered by EWCs in this sector has increased, because some of the takeovers have concerned companies which were previously active only in their home country.

The following table summarises the companies eligible for EWCs in the waste management sector. In all cases this is based on an assessment of the employment in the waste management sector alone, so only includes companies which are active in two or more countries in waste. In addition, the French group SAUR, which has waste operations only in France, is eligible for an EWC on the basis of its international water activities (see report on water).

Table 7. Waste companies eligible for EWCs, June 2007

(P=private; PE=private equity; M=multinational, stock exchange listed; Mun=municipal)

Company	Home Country	Parent and website	Type	Operates in countries	Employees (Waste)	Sales €m (Waste)
Alba	DE	Alba www.alba-online.de	P	Bosnia, Germany, Poland	3000	1100
AVR/Van Ganswinkel	NL	KKR/CVC www.avrvanganswinkel.eu	PE	Belgium, Czech Republic, France, , Ireland, Netherlands, Poland, Portugal and England	5527	1030
Becker	DE	www.jakob-becker.de/	P	Austria, Croatia, Czech Republic, Germany, Poland	1800	
Cespa	ES	Ferrovial http://www.cespa.es	M	Portugal, Spain	14508	823
CNIM	FR	CNIM www.cnim.com	M	Czech Republic, France, Italy, UK	2789	522
Delta	NL	www.delta.nl	Mun	Belgium, Netherlands	1137	336
FCC	ES	FCC www.fcc.es	M	France, Portugal, Spain, UK, Austria, Bosnia, Croatia, Czech Republic, Hungary, Poland, Slovakia	53263	2836
Lassila & Tikanoja	FI	Lassila & Tikanoja www.lassila-tikanoja.com/	M	Estonia, Finland, Latvia, Russia, Sweden	8805	436
Nicollin	FR	www.groupenicollin.com/	P	Belgium, France, Portugal	4950	248
Novera	Bulgaria	Equest www.equest-partners.com	PE		1800	
Ragn-Sells	SV	Ragn-Sells www.ragnsells.se	P	Denmark, Estonia, Norway, Poland, Sweden	2628	348
Remondis	DE	Rethmann www.remondis.com	P		17100	2900
Saubermacher	AT	www.saubermacher.at	P	Austria, Croatia, Czech Republic, Hungary, Slovenia	2600	200
Séché	FR	www.groupe-seche.com	M	France, Spain, Hungary	1564	379
Shanks	UK	Shanks Group www.shanks.co.uk	M	Belgium, Netherlands, UK	3470	509

Suez	FR	Suez www.suez-environnement.com	M	Belgium, Czech Republic, Denmark, Finland, France, Germany, Hungary, Ireland, Italy, Luxembourg, Netherlands, Poland, Portugal, Romania, Spain, Sweden, Switzerland, UK	35000	5000
Urbaser	ES	ACS www.urbaser.es	M	France, Portugal, Spain, UK	30000	1275
Veolia/Onyx	FR	Veolia www.veoliaenvironnement.com/	M	Austria, Belgium, Czech Republic, Denmark, Estonia, France, Germany, Hungary, Ireland, Italy, Norway, Poland, Switzerland, UK, Ukraine	64900	6600

Source: latest annual reports and press releases

5. Companies

5.1. Alba

Alba is a privately owned company. The website reports annual sales of about €1.1 billion and, about 3000 employees. Its main business is in Germany: individual operations are listed at http://www.alba.info/wEnglisch/Ueber_uns/standorte/deutschland_berlin.php?navanchor=1110073

Alba owns the following operations in Poland:

[ALBA ATOL Sp. z o.o.](#)
[ALBA ATOL Sp. z o.o. Bydgoszcz](#)
[ALBA ATOL Sp. z o.o. Grodkow](#)
[ALBA ATOL Sp. z o.o. Kielce](#)
[ALBA ATOL Sp. z o.o. Kraków](#)
[ALBA ATOL Sp. z o.o. Rzeszow](#)
[ALBA ATOL Sp. z o.o. Wrocław](#)
[ALBA Alifer Sp. z o.o. Gorzów Wielkopolski](#)
[ALBA Ekoplus Sp. z o.o.](#)
[ALBA Ekoserwis Sp. z o.o.](#)
[ALBA Ekoserwis Sp. z o.o. Torun](#)
[ALBA Ekoserwis Sp. z o.o. Zielona Góra](#)
[ALBA MPGK Sp. z o.o.](#)
[ALBA MPGK Sp. z o.o. Bieczyna](#)
[ALBA MPO Sp. z o.o.](#)
[ALBA PGK Czeladz Sp. z o.o.](#)

[ALBA POLSKA Sp. z o.o.](#)
[ALBA PTS Sp. z o.o. Tychy](#)
[ALBA Recykling Sp. z o.o.](#)
[ALBA Recykling Sp. z o.o. Grodków](#)
[ALBA Recykling Sp. z o.o. Gubin](#)
[ALBA Recykling Sp. z o.o. Wrocław](#)
[PTS ALBA Sp. z o.o. Chorzów](#)
[WPO ALBA S.A.](#)
[WPO Walbrzych Sp. z o.o.](#)
[WPO Walbrzych Sp. z o.o. Jelcz Laskowice](#)

Alba owns two operations in Bosnia:

[ALBA BH Mostar](#)
[ALBA Zenica](#)

Alba also owns one operation in Bulgaria:

[ALBA Logistik Bulgaria AD](#)

5.2. AVR/Van Gansewinkel

The Van Gansewinkel name remains as the brand covering the company's waste collection services whilst the AVR brand stays to include all of the organisation's treatment activities. Combined, AVR - Van Gansewinkel operates in nine countries (the Benelux, Poland, the Czech Republic, France, England, Ireland and Portugal). The 2005 annual reports (the last before their takeover by private equity companies) showed Van Gansewinkel with 3714 employees and AVR with 1813; their sales were Van Gansewinkel €531m and AVR €499m.

5.3. Jakob Becker

Becker is a privately owned company. It has 1800 employees in total. Its operations in Germany are listed at <http://www.jakob-becker.de/standoinl.htm>

Austria:

Becker GmbH
A- 9601 Arnoldstein, Industriestraße 17
Tel. 0043-4255-3990-0
Fax 5355-3990-89

ABRG Asamer-Becker Recycling GmbH
A- 9601 Arnoldstein, Industriestraße 17
Tel. 0043-4255-3990-0
Fax 5355-3990-89
e-Mail: office@abrg.at

Jakob Becker GmbH
Alpe - Adria
A- 9020 Klagenfurt, Kohldorfer Straße 98

Tel. 0043-463-220490
Fax 0043-463-220470
e-Mail: office@jakob-becker.at

Czech republic:

Becker Bohemia s.r.o.
CZ-31200 Pilsen, Hrádecká 7
Tel. 00420-377-461022, Fax 00420-377-461954
e-Mail: becker-pl@top.cz

NL Pilsen
CZ-31200 Pilsen, Hrádecká 7
Tel. 00420-377-461022, Fax 00420-377-461954
e-Mail: becker-pl@top.cz

NL Kralovice
CZ-35141, Nádražni 878
Tel. 00420-373-396019, Fax 00420-373-396232
e-Mail: beckerkralovice@volny.cz

Poland:

Becker - Polska Sp. z o.o.
PL - 59 - 101 Polkowice, Ul. Jana Wyzykowskiego 8
Tel. 0048-76-748-6370, Fax 0048-76-748 6371
e-Mail: info@becker.pl

Croatia:

Jakob Becker d.o.o
HR- 35207 Gornja Vrba, Vrbskih Zrtava 33
Tel. 00385-35-266-928, Fax 00385-35-430-080
e-Mail: jakob-becker@sb.htnet.hr

Dubrovnik & Jakob Becker d.o.o.
HR- 20000 Dubrovnik, Iva Vojnovica 31
Tel. u. Fax 00385-20333-369

5.4. Cespa/Ferrovial

Cespa is the urban waste division of Spanish construction and facilities management group Ferrovial (it was formerly owned by Aguas de Barcelona/Suez). In 2006 it had sales of €823.6m., with 14,508 employees. It operates in Spain and Portugal.

Ferrovial has total sales of €12.3 billion and 88,902 employees.

5.5. CNIM

CNIM is a French company quoted on the stock exchange. In 2006 CNIM had sales of €522.2 Millions, and 2 789 employees including 1 086 outside France

CNIM's environmental services companies abroad are listed as:

- Energonut - Pozzilli (Italy)
- Martin Engineering Systems Ltd - Wolverhampton (United Kingdom)
- Hanford Waste Services - Wolverhampton (United Kingdom)
- Dudley Waste Services - Wolverhampton (United Kingdom)
- Wolverhampton Waste Services - Wolverhampton (United Kingdom)
- SELCHP - London (United Kingdom)

5.6. Delta

DELTA is a Dutch multi-utility company, based in the Province of Zeeland, supplying electricity, gas, water, waste management, radio and TV transmission, cable internet and cable telephone. In 2006 it had total sales of €1311, including €103.2m. in waste management, but to that should be added the €233m. sales of Indaver, the waste company in Flanders in Belgium, of which Delta bought a 60% stake in 2007.

At the end of 2006 Delta had 1,653 employees in total, of which 424 were in environmental services. Indaver in 2006 had 713 employees, in Belgium and abroad.

Indaver's international activities are grouped under the following companies:

AROC-NL B.V. (THE NETHERLANDS)
INDAVER ITALIA s.r.l.
INDAVER IRELAND ltd.
SPOVO a.s. (CZECH REPUBLIC)
INDAVER PORTUGAL s.a.
INDAVER SCHWEIZ AG
INDAVER UK ltd.
INTEREKO Sp. z o. o. (POLAND)

5.7. FCC

FCC is a large Spanish construction and services company. For some years it was indirectly controlled by Veolia, but their interests were sold back to the main Spanish shareholder, Esther Koplowitz, in 2004. FCC and Veolia still have a 50-50 joint venture in water and waste in Latin America.

FCC has been growing by acquisition since 2005 in the waste sector (and also in water). It is the leading waste management company in both Spain and the UK (since the acquisition of WRG).

In 2006 it had sales of €2,836 million in environmental services, including water, of which €2163 million was in Spain. In 2005 it had 53,263 employees in its services division. Since the acquisition of ASA it operates in a number of central European countries as well as its previous established markets. It now operates in France, Portugal, Spain, UK, Austria, Bosnia, Croatia, Czech Republic, Hungary, Poland, and Slovakia

5.8. LASSILA & TIKANOJA

In 2006, the company had sales of €436million, operating profit of €50.2million. In March 2007 L & T employed 8,805, of which 2,155 worked outside Finland. Most of these are in the 2 EU countries, Latvia

and Sweden. This increase in the number of employees was partly due to the acquisition of Biowatti, a large Finnish bioenergy company utilising renewable sources of energy.

Total number of full-time and part-time employees at year end by country



According to a company presentation in May 2007: “Foreign operations continued to run at a loss; Units in Russia and Latvia were reorganised putting stress on sales operations; In Sweden focus on integrating acquired companies and building a sales organisation”.

Internationally, the company operates in:

- Sweden: Cleaning and office support services (Allied Service Partners AB (ASP); All Clean & Consulting Entrepreneur i Sverige AB (Accent); at the beginning of 2007, L&T acquired the food industry hygiene services company, Skånsk All Service AB)
- Russia: Waste management and recycling services; Cleaning and office support services, maintenance of outdoor areas (Ecosystem, L&T Services LLC)
- Latvia: Waste management and recycling services; Cleaning and office support services, maintenance of outdoor areas (A/S L&T Hoetika, SIA L&T Serviss, SIA Evus,)
- Norway: Hygiene services for the food industry

5.9. Nicollin

Nicollin is a private French company. No details are currently available on its international operations. Data in the table above is carried forward from previous reports.

5.10. Novera/Equest

<http://www.equest-partners.com/news-16.html>

Equest Investment Balkans Ltd is a private equity group based in London specialising in investments in the Balkans. In March 2007:

“Equest Investments Balkans Ltd ('EIB' or the 'Company')... signed binding agreements to acquire Christota AD, Wolf 96 OOD and Ditz AD, the three concession holding companies for waste collection and transportation in Sofia (the 'Companies'), through Novera EAD ('Novera'), a wholly owned subsidiary of EIB. Novera is also acquiring other activities related to waste management and infrastructure services that are provided in Bulgaria and in the future for the broader Balkan region.

The Companies provide waste collection, street cleaning and snow clearing services to the Municipality of Sofia in Bulgaria. The current infrastructure, which has been built up over the past 10 years of the operations of the Companies, consists of more than 350 waste collection trucks and other vehicles, and over 1,800

employees. Through its investment in Novera, EIB is committed to improve the waste collection services in the region. For this purpose it is in negotiations with a number of leading European waste management companies to help grow and develop the operations of Novera in Bulgaria.”

5.11. Ragn-Sells

In 2005 Ragn-Sells sales were €348million.

At the end of 2005 Ragn Sells had 2628 employees, of which 613 were outside Sweden. In 2003, the employees breakdown by country was: Sweden 1,750, Denmark 80, Estonia 180, and Norway 150

It operates as Ragn-Sells in all countries

5.12. Saubermacher

Saubermacher works with 1600 municipalities in Austria, mainly in Styria, Carinthia, Lower Austria and Vienna. In 2006 it took over Rumpold and became the largest waste management company in Austria. In addition it has operations in Slovenia, Croatia, Hungary and the Czech Republic. In 2004 it signed a “contract of cooperation with SITA in Czech republic”.

Its website indicates that at the end of 2005 total sales were €200m., with 2600 employees. The Rumpold merger happened in 2006, so both these figures will now be higher.

Companies abroad include in Hungary: Zalai HUKÉ, Zala EURO, **Nyiregi HUKÉ Kft.**

5.13. Séché

Séché Environnement is a medium size French waste company., which grew from private ownership to an IPO on the stock exchange. It is the fourth largest French waste company.

Its international activities at present consist of projects carried out by the subsidiary Tredi International, a hazardous waste specialist. In Europe projects include solvent regeneration (Spain), and storage (Hungary).

Séché holds 33% of SAUR as part of the group led by CDC which bought SAUR in 2006. SG Analysts saw this as a potential significant expansion for Seche:

“The stake taken in Saur alongside financial investors has enabled **Seche Environnement** to take a first step in its aim to create France's third-largest operator in local authority services, while making an investment that is set to enhance earnings as of the first year of full consolidation.”...In addition, the structure of the deal could evolve in the medium term, with **Seche Environnement** likely to take operating control of the new pairing created and “thereby benefit from the synergies harboured in the two groups' various businesses”.²⁵

In 2006 Séché had sales of €379m., and 1564 employees, of which 1385 were in France, and about 60 elsewhere in Europe. This would not be sufficient to require an EWC, but if Séché grows further in other countries, or is considered to have effective control of SAUR, then it may be eligible for an EWC.

5.14. Shanks

In the year ended March 2007 Shanks total sales were €509m. Euros. Unusually, the majority of this was outside the home country of the UK: €375m in Netherlands and €182m. in Belgium, compared with €197m. in the UK.

In 2006 the numbers employed were UK 721; Belgium 975; Netherlands 1,774 ; 3,470

5.15. Urbaser/ACS

Urbaser is the waste management division of Spanish construction group ACS. In 2004 it had sales of €1.04 billion and employed 30,000 people in 13 countries across 4 continents. In Europe it operates in Spain, Portugal, France, UK, and Greece.

5.16. Remondis/Rethmann

Remondis is the waste division of Rethmann, a privately owned German company. It became the third largest waste group in Europe after it bought the waste management division of RWE in 2005. In 2006 it bought 40% of the Dutch municipal waste company ARN.

At the end of 2005 Remondis had 17,500 employees. It operates in Austria, Belgium, Czech Republic, France, Germany, Hungary, Netherlands, Poland, Slovak Republic, Switzerland, UK.

5.17. Sita/Suez

In waste as in water Suez has been withdrawing from developing and non-European countries, including the sale of its North American waste operations. In waste it now operates principally in Europe, and North Africa and Middle East, plus Australia and China. Suez has made no significant acquisitions in waste since 2005.

In 2006 Sita's waste sales in Europe totalled about €5billion. Total employees in waste, worldwide, were 45,600 at the end of 2005, but this has been reduced by disposals e.g. of the North American business: current waste employees may be around 35,000.

SITA France www.sita.fr ; SITA Belgium www.sita.be ; SITA UK www.sita.co.uk; SITA Sverige www.sita.se ; SITA Polska www.sitapolska.com.pl ; SITA Nederland www.sita.nl; SITA Deutschland www.sita-deutschland.de ; SITA CZ www.sita.cz ; SITA Slovensko www.sitaslovensko.sk ; SITA Finland

Table 8. Suez employees in environmental services 2006

EM PLOYEES BY GEO GRAPHIC REGION	2005	2006
European Union	47,261	48,364
Rest of Europe	79	73
North America	3,261	2,553
Latin America	15,548	272
Africa-Middle East	3,255	3,552
Asia-Oceania	2,726	2,632
TOTAL	72,130	57,446
CATEGORY		
Managers	6,783	7,091
Technicians, Supervisors	11,835	10,406
Workers, employees, technicians	53,512	39,949
TOTAL	72,130	57,446
WOMEN		
Percentage of women employees	18.5%	18.0%
Percentage of women in management	21.4%	22.7%
TYPE OF CONTRACT		
Indefinite	94.5%	92.9%
Other	5.5%	7.1%

5.18. Veolia

Veolia has grown significantly in waste in Europe by a number of takeovers, and continues to do so: in June 2007 it

As a result of the takeovers of Sulo, Biffa Belgium, and TMT, Veolia environmental services (Onyx) has significantly extended its operations in Germany, Italy, Austria, Belgium, Poland,

The tables show Veolia's sales and employees alongside the total sales and employees of Veolia. The acquisition of Sulo adds about 16% to Veolia's waste activities.

Table 9. Veolia 2006: sales in waste management and total (€ millions of Euro)

	Veolia adjusted total including Sulo and TMT	Veolia actual	Veolia actual
	Environmental Services	Environmental Services	Total
Europe	6.6	5.2	22.9
<i>of which:</i>			
<i>France</i>	<i>3.1</i>	<i>3.1</i>	<i>13.4</i>
<i>Other Europe</i>	<i>3.5</i>	<i>2.1</i>	<i>9.5</i>
Americas	1.6	1.6	3.2
Rest of the World	0.7	0.7	2.5
<i>Of which:</i>			
<i>Africa-Middle East</i>	<i>0.1</i>	<i>0.1</i>	<i>0.8</i>
<i>Asia-Pacific</i>	<i>0.6</i>	<i>0.6</i>	<i>1.7</i>
Total	8.9	7.5	28.6

Table 10. Veolia 2006: employees in waste management and total

	Veolia adjusted total including Sulo	Veolia actual 2006	Veolia actual 2006
	Environmental Services	Environmental Services	Total
Europe	64,866	56,866	213,510
<i>Of which metropolitan France</i>	<i>33,691</i>	<i>33,691</i>	<i>112,617</i>
North America	10,752	10,752	28,955
South America	6,646	6,646	16,971
Africa/Middle East	7,113	7,113	15,929
Asia/Pacific	8,125	8,125	23,133
Total	97,502	89,502	298,498

6. Annex: problems with waste contract in Tallinn, Estonia

Baltic News Service August 21, 2006

ESTONIA: CLEANAWAY AGREES TO CUT DIVIDENDS OF TALLINN WASTE DUMP DATELINE: TALLINN Aug 18

The mother company of the Estonian waste disposal company Cleanaway has sent a letter to the Tallinn city government, saying it agrees to take out less dividends than earlier suggested from Tallinna Prugila (Tallinn Waste Dump,) a company of which it is a co-owner. "In the letter sent at the beginning of the week a representative of SULO Nord-West GmbH & Co.KG, Cleanaway's mother company; said it agreed to reduce the share of profit to be paid out in dividends and to accept the rate of 15 percent as indicated in the agreement," deputy mayor of Tallinn Jaanus Mutli told BNS. Cleanaway initially wanted to take out from the company 14.6 million kroons (EUR 933,00). As a result the City of Tallinn refused to endorse the Tallinna Prugila financial year report because according to the agreement, only up to 8.3 million kroons dividends could be paid out. In response to the proposal on the distribution of the profit Mayor of Tallinn Juri Ratas said that Tallinna Prugila's too high a profit provided a reason for the revision of the waste deposit prices at the Joelahtme waste dump. Another bone of contention between the waste disposal company and the city was the mother company's wish to get a management fee of 200,000 euros. Mutli said Cleanaway had agreed to give up the management fee to be paid for last year and was ready to revise the principles of the payment of the management fee. Mutli added that Cleanaway was ready to discuss with the city separate collection of organic waste and its prices. "I can only give credit to our German partner," he said. Endorsement of the company's financial report dragged out also last year, as the city and the company managers had differences concerning the management fees paid to Cleanaway's mother company and amortization of the waste disposal company's assets. The city then maintained that the waste company should not have paid out 300,000 euros in management fee before endorsement by the shareholders' general meeting. The waste company paid the management fee in several small bill without the shareholders' sayso for various small services such as consultations and training it said it had been provided by the mother company. The company then showed the amortization of its fixed assets, including amortization of waste depositing areas, at a total of 29 million kroons (EUR 1.85 mln), whereas the total turnover was 60 million kroons. The city government described this as accounting manipulation. According to the city government the turnover of the company increased by more than 25 percent last year. The City of Tallinn owns 35 percent of shares in Tallinna Prugila, the rest belonging to the international waste disposal company Cleanaway. (EUR 1 = EEK 15.65) Tallinn newsroom, +372 610 88 27, majandus@bns.ee

7. Notes

¹ Veolia Annual Report 2006

² <http://www.veoliaenvironnement.com/en/newsroom/20060921.1402.aspx>

³ Le Figaro 28 avril 2007 Veolia devient numéro deux des déchets en Allemagne; Daily Deal/The Deal April 30, 2007 Blackstone, Apax sell Sulo by Paul Whitfield in Paris. The duo sell the German waste management company to Veolia for \$2 billion.

⁴ <http://www.veoliaenvironnement.com/en/newsroom/20070531.termomeccanica.aspx>

⁵ Spanish Business Digest January 30, 2006 02:01 PM EEST LENGTH: 168 words HEADLINE: Spanish FCC Buys Gemecan

⁶ The Times (London) July 18, 2006: Guy Hands firm nets £ 1bn profit from waste disposal; Company News Feed formerly Regulatory News Service July 17, 2006: WRG Acq & Fin PLC - Waste Disposal Business

⁷ http://www.kkr.com/news/press_releases/2007/01-22-07.html

KKR and CVC to acquire Van Gansewinkel creating a leading waste management company Eindhoven, 22 January 2007

⁸ Les Echos 18 mai 2007 vendredi: Les salariés de SAUR vont se partager 36 millions d'euros

⁹ Frankfurter Allgemeine Zeitung April 5, 2007 Thursday : ENBW SELLS WASTE SUBSIDIARY TO ALBA (ALBA KAUF DAS MULLGESCHAFT DER ENERGIE BADEN-WURTTEMBERG) ; German Business Digest April 6, 2007: German Alba Reaches Agreement to Buy EnBW's Waste Management Unit

¹⁰ Expansion December 5, 2006: BEFESA RECEIVES GERMAN GO-AHEAD FOR BUS ACQUISITION; Daily Deal/The Deal November 2, 2006: Star Capital sells German recycler

¹¹ <http://www.indaver.com/Key-figures.340.0.html> The company had 713 people on the payroll (at 2006-12-31).

Capital: EUR 87.35 million Total operating income: EUR 233.49 million Consolidated profit after taxes: EUR 11.51 million ; [http://www.indaver.com/Single-news-item.335.0.html?&cHash=0a4cb94eae&tx_ttnews\[backPid\]=289&tx_ttnews\[tt_news\]=152](http://www.indaver.com/Single-news-item.335.0.html?&cHash=0a4cb94eae&tx_ttnews[backPid]=289&tx_ttnews[tt_news]=152) Signing of Indaver shares purchase agreement – PRESS RELEASE28-02-2007

¹² FT 14/03/07 Cory Pounds 588m sale hots up waste sector

¹³ AFX.COM June 30, 2006: Shanks Group acquires Dutch waste business Smink Beheer for net 63 mln eur

¹⁴ <http://www.equest-partners.com/news-16.html> Equest Inv Balkans - Acquisition RNS Number:9156T Equest Investments Balkans Ltd 28 March 2007 28 March 2007 EQUEST INVESTMENTS BALKANS LIMITED Acquisition of Waste Management business in Sofia

¹⁵ La Tribune 30 avril 2007: VEOLIA CONFIRME SON APPÉTIT D'ACQUISITIONS

¹⁶ Capital Finance 2 octobre 2006: Apax se retire de Séché

¹⁷ Die Deutsche Entsorgungswirtschaft im Jahr 2010 Dieter Lindauer,Lindauer Managementberatung

Sap-Infotage Für Die Entsorgungs-Wirtschaft 29. und 30. August 2006,Kaffeebörse Hamburg

http://www.lindauermanagement.de/files/die_deutsche_entsorgungswirtschaft_im_jahr_2010_endfassung.pdf

¹⁸ Access Czech Republic Business Bulletin August 14, 2006: Company ASA Has Become The Leader Of The Waste Market

¹⁹ Die Deutsche Entsorgungswirtschaft im Jahr 2010 Dieter Lindauer,Lindauer Managementberatung

Sap-Infotage Für Die Entsorgungs-Wirtschaft 29. und 30. August 2006,Kaffeebörse Hamburg

http://www.lindauermanagement.de/files/die_deutsche_entsorgungswirtschaft_im_jahr_2010_endfassung.pdf ;

Handelsblatt /German Business Digest May 21, 2007: German Waste Management Market Consolidation Set to Continue

²⁰ Handelsblatt /German Business Digest May 21, 2007: German Waste Management Market Consolidation Set to Continue

²¹ Financial Times Deutschland August 22, 2006: Alba To Battle Dsd For Green Dot Market Share

²² Die Deutsche Entsorgungswirtschaft im Jahr 2010 Dieter Lindauer,Lindauer Managementberatung

Sap-Infotage Für Die Entsorgungs-Wirtschaft 29. und 30. August 2006,Kaffeebörse Hamburg

http://www.lindauermanagement.de/files/die_deutsche_entsorgungswirtschaft_im_jahr_2010_endfassung.pdf

²³ AGR formerly had sales of €400m and 2750 employees in Finland, Germany, Poland, and the UK.

²⁴ http://www.essent.eu/essent/bin/annual_report_2006_tcm121-65373.pdf

²⁵ AFX International Focus April 30, 2007 Seche Environnement higher as upgraded to 'Buy' vs 'Hold' by SG