

Universidade do Minho
Escola de Economia e Gestão

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Equity Research Report of Republic Services Inc.

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Equity Research Report of Republic Services Inc.

Projeto de Mestrado
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Trabalho efetuado sob a orientação do(a)
Professora Doutora Florinda Silva

abril de 2026

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Lastly, I would like to thank my friends and colleagues for their support, helpful input, and motivation, which played an important role throughout this process.

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RESUMO

Este '*Equity Research Report*' foi realizado como projeto final do segundo ano do Mestrado em Finanças. O relatório foi elaborado de acordo com as diretrizes de pesquisa do *CFA Institute* e baseia-se exclusivamente em informações disponíveis publicamente até 27 de fevereiro de 2026.

A Republic Services Inc. (NYSE: RSG) presta serviços ambientais nos Estados Unidos e no Canadá. O relatório inclui uma descrição abrangente do negócio, cobrindo a recolha, o tratamento, a eliminação e a reciclagem de resíduos sólidos urbanos, bem como a prestação de soluções ambientais. É realizada uma análise aprofundada do setor de Serviços Ambientais e de Resíduos através de dinâmicas próprias do setor, da conjuntura macroeconómica e a sua influência no setor, da análise das Cinco Forças de Porter e da análise SWOT, destacando tanto as condições atuais do setor como as tendências estruturais de longo prazo. Os fatores ambientais, sociais e de governança (ESG) também são avaliados, dado o seu impacto material quer na visão de negócio da empresa como em métricas operacionais a curto, médio e longo prazo. De seguida, a secção intitulada de Análise Financeira é apresentada. Na secção é avaliado o desempenho operacional e financeiro, nomeadamente no que respeita à análise da rendibilidade, liquidez e solvência da empresa. Além disso, foram elaboradas previsões futuras dos resultados financeiros da Republic Services Inc. tendo em consideração os resultados passados, bem como tendências industriais e a conjuntura macroeconómica vigente. Na secção correspondente à Avaliação da empresa são aplicadas várias metodologias, incluindo o modelo de fluxo de caixa descontado (DCF), o modelo de desconto de dividendos (DDM) e a avaliação relativa usando múltiplos, para estimar um preço implícito da ação. Os principais riscos para a tese de investimento são examinados na secção Riscos de Investimento, apoiados por análises de sensibilidade, de cenários, e da simulação de Monte Carlo.

Um preço implícito de $205,28 por ação é obtido, correspondendo a uma desvalorização de 10,36% face ao preço atual de mercado de $229,00 (27 de fevereiro de 2026). Com base no sistema de recomendação de investimento adotado é emitida a recomendação de investimento **Manter**.

Palavras-Chave: Avaliação, Equity Research Report; Manter; Republic Services Inc.; Serviços ambientais e de resíduos.

ABSTRACT

This study presents an equity research report on Republic Services, Inc., submitted as the second-year final project of the Master's in Finance. The report is prepared in accordance with CFA Institute equity research guidelines and is based exclusively on publicly available information up to 27 February 2026.

Republic Services, Inc. (NYSE: RSG) provides environmental services across the United States and Canada. The report includes a comprehensive business description, covering municipal solid waste collection, treatment, disposal, recycling activities, and environmental solutions. An in-depth analysis of the Environmental & Waste Services industry is conducted through macroeconomic and industry outlooks, Porter's Five Forces, and SWOT analysis, highlighting both current conditions and long-term structural trends. Environmental, Social, and Governance (ESG) factors are also assessed, given their material impact on the company's short- and long-term performance. Next, the section titled Financial Analysis is presented. This section evaluates operational and financial performance, particularly with regard to the company's profitability, liquidity and solvency profile. In addition, forecasts for the future financial performance of Republic Services Inc. are developed, taking into account past performance, as well as industry trends and the prevailing macroeconomic environment. In the Valuation section multiple methodologies are applied, including the Discounted Cash Flow (DCF) model, the Dividend Discount Model (DDM), and relative valuation, to estimate an implied share price. Key downside risks to the investment thesis are examined in the Investment Risks section, supported by sensitivity, scenario and Monte Carlo simulation analyses.

An implied price of $205.28 per share is calculated, representing a 10.36% decline from the current market price of $229.00 (February 27, 2026). Based on the adopted investment recommendation system a **Hold** investment recommendation is issued.

Keywords: Equity Research; Valuation; Environmental & Waste Services; Hold, Republic Services, Inc.

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LIST OF ACRONYMS

bps	Basis Points
bn	Billions
CAGR	Compounded Annual Growth Rate
CAPM	Capital Asset Pricing Model
Capex	Capital Expenditures
CCI	Consumer Confidence Index
CEO	Chief Executive Officer
CF	Cash Flow
CWY	Cleanaway Waste Management Limited
D&A	Depreciation and Amortization
DJ W&DS	Dow Jones Waste & Disposal Services Index
DCF	Discounted Cash Flow
DDM	Dividend Discount Model
DPS	Dividends per Share
EBITDA	Earnings before Interests, Taxes, Depreciation and Amortization
EIA	US Energy Information Administration
EPA	United States Environmental Protection Agency
EPS	Earnings per Share
ERP	Equity Risk Premium
ES	Environmental Solutions
ESG	Environmental, Social and Governance
EV	Electric Vehicle
FCFF	Free Cash Flow to the Firm
FY	Fiscal Year
GDP	Gross Domestic Product
GFL	GFL Environmental Inc.
GHG	Greenhouse Gas
GWM	Global Waste Management
IPO	Initial Public Offering
JV	Joint Venture
NOPAT	Net Operating Profit after Taxes

M&A	Mergers and Acquisitions
MSW	Municipal Solid Waste
MMBtu	Million British Thermal Units
NTC	Net Trading Cycle
NYSE	New York Stock Exchange
OCC	Old Corrugated Cardboard
ONP	Old Newsprint
Opex	Operating Expenses
P/E	Price-to-Earnings
PP&E	Property, Plant & Equipment
RNG	Renewable to Natural Gas
ROA	Return on Assets
ROE	Return on Equity
ROC	Return on Capital
ROIC	Return on Invested Capital
RSG	Republic Services Inc.
SWOT	Strength, Weaknesses, Opportunities and Threats
TR	Total Return
TRIR	Total Recordable Incident Rate
UNEP	United Nations Environmental Programme
US	United States of America
VIE	Veolia Environnement SA
VWAP	Volume Weighted Average Price
WACC	Weighted Average Cost of Capital
WCN	Waste Connections Inc.
WM	Waste Management Inc.
WC	Working Capital
YoY	Year-over-Year

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Table 1. *Basic Information and Investment Recommendation.*

Stock Exchange	NYSE
ISIN	US7607591002
1st Trading Day	Jul-98
GICS Sector	Industrials
GICS Industry	Environmental & Facilities Services
Target Price (as of December 2026)	$205.28
Current Price (as of 27th February 2026)	$229.00
Upside (Downside)	(10.36%)
Dividend Yield	1.10%
Market Capitalization	$70,716,310,000
Outstanding Shares	311,900,000
Free Float	98.70%
1 Month VWAP	$220.07
52 Week High	$258.07
52 Week Low	$204.12

Investment Summary

We initiate coverage on Republic Services Inc. (NYSE: RSG) with a Hold Recommendation based on a December 2026 target price of $205.28, implying a 10.36% downside to the last close of $229.00 (Table 1). This recommendation is based on the DCF valuation, which indicates that the company's fundamentals and long-term growth prospects are largely reflected in the current price.

Over the past five years, the firm has been able to deliver returns to shareholders surpassing the broad market (S&P500 Index) and the Dow Jones Waste & Disposal Services Index returns (Figure 1). Over the past decade, only one negative return year was recorded, with three years delivering returns above 20%, as noticed in Figure 2. Appendix A presents a brief RSG's stock price evolution with events annotations over the last five years. While this track record confirms RSG's status as a high-quality compounder, we believe that future returns are likely to

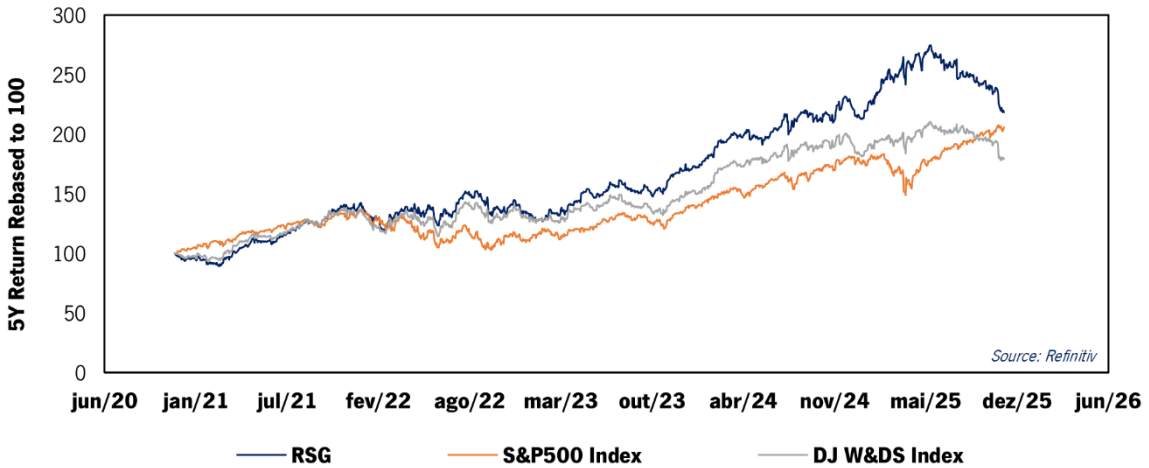


Figure 1. *5-Year Share Price Rebased to $100.*

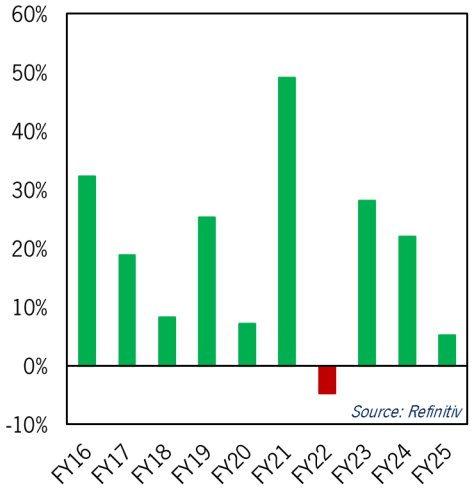


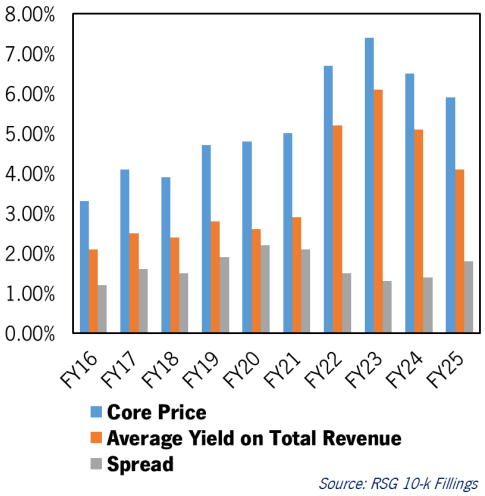
Figure 2. *RSG Stock Price 10-year Annual Returns.*

normalize, as much of the historical outperformance is now reflected in the current share price. This reinforces our Hold recommendation.

RSG is the North American second largest player dedicated to comprehensive waste management services, covering MSW handling, material recycling services as well as consulting services in complex environmental matters. The waste management industry has traditionally been viewed as a capital-intensive sector characterized by significant barriers to entry and stable cash flow generation. While these structural features have historically supported defensive investment profiles, they can also foster the misperception that the industry is mature and requires limited ongoing innovation. We believe this view is increasingly outdated. The sector is undergoing a gradual but meaningful evolution driven by rising environmental awareness, stricter regulatory standards and growing customer demand for cost-efficient and sustainable waste solutions. As a result, firms within the Environmental & Waste Management Services Industry must continue to strengthen their competitive positioning through investments in sustainability initiatives, materials circularity and the enhancement of vertically integrated service offerings. Companies that successfully integrate innovation within their operating model are likely to capture incremental market share and reinforce long-term pricing power. Looking ahead, RSG management targets mid-single-digit long-term revenue growth, accompanied by faster growth in EBITDA, EPS and free cash flow (Republic Services Inc., 2026b). Historical performance suggests that management has consistently delivered on these targets.

The Hold Investment Recommendation on RSG is mainly

supported by three key pillars: (i) sustained pricing power, supported by its vertically integrated network; (ii) strategic innovation and sustainability investments; and (iii) disciplined capital allocation, combining value-creating acquisitions with consistent shareholder returns. While these factors support consistent revenue and earnings growth, we believe the company's stock price already reflects much of this operational strength, limiting the risk-adjusted upside potential at current price levels.



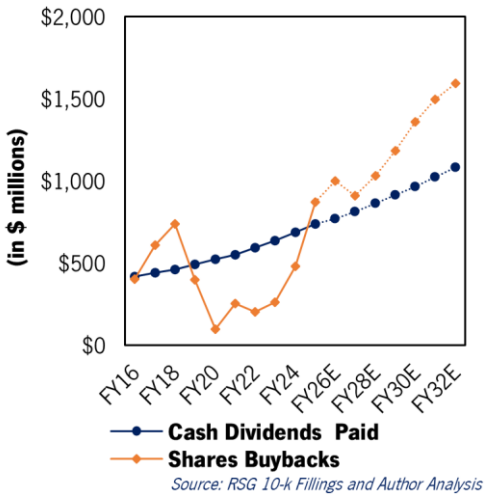
Source: RSG 10-k Fillings

Figure 3. *RSG Core Price, Average Yield on Total Revenue and Spread Yearly Historical Evolution.*

Sustained Pricing Power, supported by Vertically Integrated Business Model

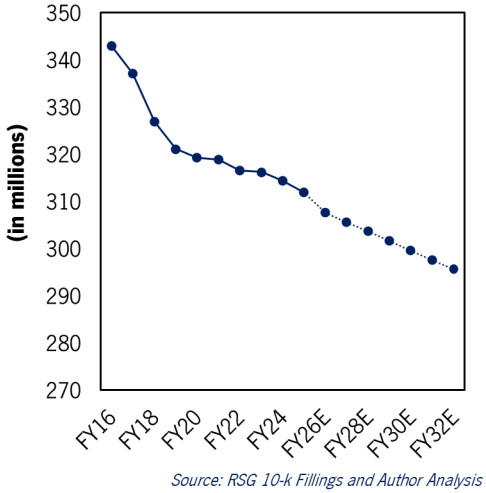
RSG's pricing power is evident when analysing the historical relationship between core price and average yield on total revenue (Figure 3). Core price represents the price increases applied to customers, while average yield on total revenue measures the actual revenue growth generated from changes in the average price per service. For example, average yield on total revenue takes into account lost customer contracts due to higher year over year prices. Between FY16 and FY25, average yield closely tracked core price increases, with a relatively stable spread averaging around 150–170 basis points. This relatively small spread between core price and average yield demonstrates the firm's ability to convert price increases into actual realized revenue. Moreover, management's pricing discipline was particularly evident during the FY22–FY24 inflationary cycle where the spread decreased even in a challenging macroeconomic environment. We believe this pricing strength is supported by the company's vertically integrated business model, high barriers to entry in MSW management and service delivered quality of RSG.

The strong pricing power has been a key driver of Republic Services' organic growth as demonstrated by its historical operating metrics. Despite cyclical headwinds in construction and manufacturing over the past four years, key profitability metrics continue improving: EBIT Margin surpassed 20% in FY24, ROE and ROIC reached historical highs of 19.74% and 11.93%, respectively, in FY24 and operating cash flow grew at a CAGR of 8.16% (FY16–FY25). We expect this performance to continue over the forecasted period. The company also demonstrates a shareholder-friendly capital allocation policy. RSG has increased its dividend for 21 consecutive years, placing it close to Dividend Aristocrat status, while also maintaining an active share repurchase program, with $1.7bn remaining under its current authorization. While these factors enhance the investment case, we believe they are already priced into the stock. In FY25, RSG returned $1.6bn to shareholders, including $854 million of share repurchases. Figure 4 summarizes shareholders returns through cash dividends payments and shares buybacks while Figure 5 presents the reduction of shares outstanding over the past ten years.



Source: RSG 10-k Fillings and Author Analysis

Figure 4. *RSG Cash Dividends and Shares Buybacks.*



Source: RSG 10-k Fillings and Author Analysis

Figure 5. *RSG Shares Outstanding.*

On a broader perspective to fulfil its financial goals, RSG should focus on strengthening its vertically integrated business, enabling total control over the entire waste processing cycle without having to rely on third-party facilities, which is a strong predictor of operational efficiency improvements. The firm is also committed in circular economy adoption and decarbonization targets.

Strategic Innovation and Sustainability Investments

We believe company management is actively adapting to

evolving industry dynamics through both internal and external growth initiatives. Internal growth opportunities take advantage of RSG strong pricing power, supported by its economies of scale, extensive network of collection routes, transfer stations, and landfills, as well as its vertically integrated operating model. These advantages, combined with disciplined capital allocation on value-creating acquisition opportunities, and operational efficiency gains from sustainable investments, have been able to deliver steady cash flow from operation. However, given the stock's strong historical performance, the risk-adjusted upside is limited at current valuation levels (Figure 6).

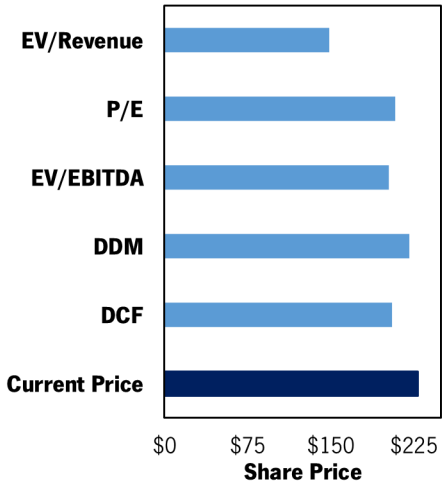
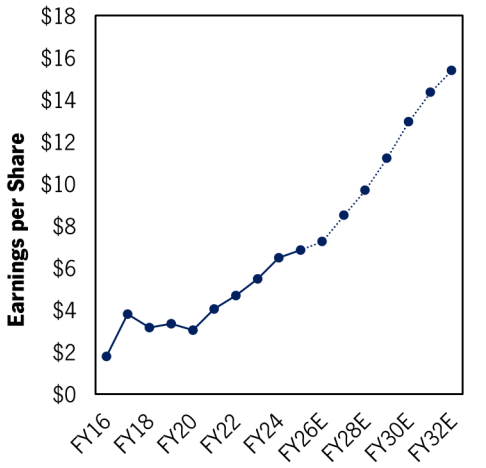


Figure 6. *RSG Valuation Football.*

Macro-economic outlook: the ability to maintain a strong pricing power was essential to promote revenue growth in periods of high inflation rates as the ones observed since FY22. Even with price increases, RSG customer retention rate remained strong at 94% in FY25 (Republic Services Inc., 2026b). However, due to the unfavourably high US policy rate, particularly between FY22-FY24, volumes have been on a declining trend mainly in construction and manufacturing end markets limiting revenue growth potential.

We expect macroeconomic conditions to improve in the short to medium term. That is, we expect the easing cycle on the Fed policy rate to continue, leading to improvements in overall activity of construction and manufacturing end markets. As a result, we expect waste volume growth ultimately leading to stronger revenue growth. Nevertheless, recent softness in construction and manufacturing activity introduces a degree of near-term uncertainty. Moreover, risks of an economic stagflation

environment, US tariff policies uncertainties, leading to reversing the Fed easing cycle calls for a cautionary investment perspective.



Source: RSG 10-k Fillings and Author Analysis

Figure 7. *RSG Earnings per Share.*

Solid earnings growth and meaningful margin expansion: the ability to control the full value chain through its vertically integrated lines of business give management flexibility to control operational costs. Moreover, the integration of sustainable projects has been allowing a sustained growth in EPS, as noticed in Figure 7. Operational margins have been also improving, mainly driven by: **(i) RNG Projects** to convert methane captured at landfill into fuel for vehicle fleet: RSG commenced operations at nine RNG projects in FY25 and expects four to come in FY26 (Republic Services Inc., 2026b); **(ii) Material Circularity**: RSG was pioneer launching the first fully dedicated polymer recycling centre in North America in FY24 (Republic Services Inc., 2025c). In FY25, a second polymer centre was launched in Indianapolis. Both of them were designed to produce food-grade recycled plastics from curbside waste. The Indianapolis Polymer Recycling Centre also integrates the JV with Ravago Holdings, LLC denominated 'Blue Polymers' which specializes in the conversion of recycled plastics into custom pellets for packaging applications. Additionally, the company has already initiated the construction of a third polymer recycling centre in Pennsylvania, and a second Blue Polymers facility is currently being constructed in Arizona (Republic Services Inc., 2026a). RSG innovated in developing a dedicated vertical integration for plastic recycling which position the company to capture margin expansion from plastics circularity in the medium-to-long term; and lastly **(iii) Fleet Electrification**: RSG had more

than 180 electric collection vehicles in operations, supported by 32 commercial-scale EV charging facilities at the end of FY25 (Republic Services Inc., 2026b). RSG expect to add another 150 EV collection trucks to their fleet this year to support further independency of oil energy. Furthermore, management is also exploring digital initiatives to unlock incremental growth, enhance profitability, and drive sustained operating improvements. Management highlights some projects such as: (i) advanced analytics to optimize pricing based on specific attributes and local market dynamics, (ii) RISE digital platform which applies an algorithmic-based routing for vehicle route path optimization both of time and fuel.

Capital Allocation, Combining Value-creating Acquisitions with Consistent Shareholder Returns

Long-term market share expansion increasingly depends on the company's ability to identify and integrate acquisitions that strengthen its presence in specialized waste streams and complex environmental services which will become highly required within the next decades.

Market share gain in the conventional MSW services is difficult due to the highly capital-intensive and geographical constraints of the business. RSG has acquired some smaller firms in recent years, positioning the company as a solid player in the environmental solutions business (Figure 8). Business opportunities exist and revenue growth potential is higher.



Figure 8. *RSG Major Latest Acquisitions.*

However, the Environmental & Waste Management Services Industry is characterized by moderate to high debt levels, e.g., it has a Debt-to-Capital Ratio of 58.30% (Damodaran, 2026). Therefore, the company's financial

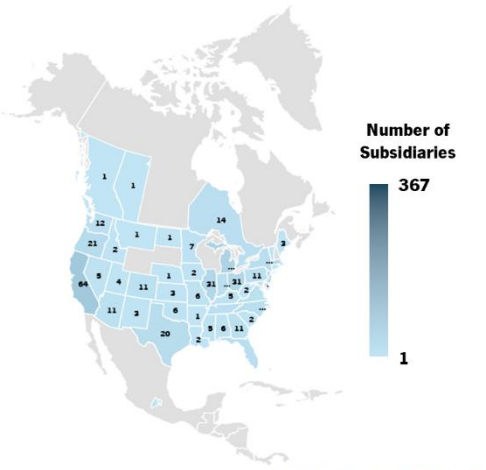
discipline will become even more important as the acquisition driven strategy progresses. Major acquisition of US Ecology in FY22 translated into deteriorating solvency ratios thereafter which has been slowly improving in recent years. Liabilities account for 1.87X of Equity in FY25. Even though, financial leverage is still well covered by cash flow generation. Interest Coverage Ratio is 5.99X and Total Debt-to-EBITDA is at a sustainable level (2.59). For these reasons, caution is a must. A significant downturn in economic activity, particularly in manufacturing and construction markets, can reduce waste generation and particularly impact the Environmental Solutions business line.

Business Description

Overview

Headquartered in Phoenix, Arizona, and founded in 1996, Republic Services Inc. became publicly traded in July 1998, raising $1.3bn through its IPO (Douglas, 1998). The company is listed on the NYSE under the ticker symbol: RSG. Following the acquisition of one of its major competitors, Allied Waste Industries, for $6.1bn, Republic Services became the second largest waste management company in the United States in June 2008 (Reuters, 2008). As of 27th February 2026, the company presented a market capitalization of $71.43bn.

RSG provides environmental services across the United States of America and Canada (Figure 9). Its operational footprint includes 377 collection operations, 255 transfer stations, 79 recycling centres, 207 active landfills, 26 treatment, recovery or storage facilities, 5 saltwater disposal wells, 15 deep injection wells and two polymer



Source: RSG 2024 10-k Filling

Figure 9. *RSG North American Presence.*

Table 2. *Main Clients of RSG.*

Client	Relationship with RSG
Walmart Inc.	Engages commercial waste collection, recycling and sustainability services at distribution centers and stores nationwide
The Home Depot	Contracts for roll-off containers, front-load pickups and single-stream recycling at retail locations
Amazon	Utilizes waste hauling, specialty recycling and hazardous-waste disposal at fulfillment and sortation centers
Procter & Gamble Co.	Leases compactors, deploys recycling partnerships and manages packaging-waste diversion programs at manufacturing sites
The Coca-Cola Company	Collaborates on plastic and aluminum recycling initiatives, provides front-load services and organics management at bottling plants

Source: Forecaster

Table 3. *Main Suppliers of RSG.*

Supplier	Relationship with RSG
Caterpillar Inc.	Supplies heavy-duty trucks, loaders and compactors used in waste collection and landfill operations
Deere & Company	Provides backhoes, skid steers and articulated loaders for debris handling and recycling facilities
Parker Hannifin Corp.	Delivers hydraulic pumps, valves and cylinders for refuse trucks and automated collection arms
Genuine Parts Company	Furnishes vehicle maintenance parts, chassis components and filters for fleet upkeep
Eaton Corporation Plc	Supplies power-distribution equipment and control panels for recycling centers and transfer stations

Source: Forecaster

recycling centres (Republic Services Inc., 2026a). These assets are supported by a fleet of approximately 18,000 trucks operating across more than 1,000 physical locations, serving over 13 million customers (Republic Services Inc., 2026a). Table 2 and Table 3 summarize the relationship of RSG with other major stakeholders. Major clients include Walmart Inc. and The Home Depot, while main suppliers include Caterpillar Inc. and Parker Hannifin Corp.

The company has been consistently consolidating its position as one of the leading providers of waste management and environmental services in North America. RSG operates in a highly regulated and capital-intensive industry, the Environmental & Waste Management Services Industry. Its pricing strategy is based on local competitive dynamics and customer demand. According to the FY24 annual report, the company aims to implement sufficient price increases to offset rising costs, improve operating margins, and generate appropriate returns on capital investments (Republic Services Inc., 2025c).

Management Strategy: RSG strategy is centred on (i) the continuing consolidation of its vertically integrated waste management platform on locations where it can earn an appropriate return on capital; (ii) improvement of operational efficiency through the integration of sustainable projects; and (iii) acquisitions of private environmental services companies to diversify revenue beyond traditional municipal solid waste operations. Recent acquisitions, including US Ecology, Shamrock Parent and Advanced Chemical Transport LLC, have strengthened RSG's position as a comprehensive provider of treatment, recycling and disposal solutions for hazardous, non-hazardous and

special waste streams.

Business Model

The business model of RSG is built around a vertically integrated waste management platform spanning the full value chain, from waste collection and transfer to recycling, energy recovery and landfill disposal. The company provides environmental services to residential, commercial, municipal and industrial customers across North America.

RSG operates a vertically integrated asset base that spans multiple stages of the waste management value chain, from waste collection to material reuse or disposal. Figure 10 presents the general waste management value chain. Household, business and industrial waste is collected from curbside collection services. After which, RSG collection truck fleet delivers the collected waste to transfer stations. At these facilities, waste is unloaded, consolidated and compacted into larger trucks for long-distance transportation. This step is essential to reduce transportation costs, since transfer trucks carry more waste than collection trucks. From transfer stations, either the waste is disposed at landfills, or it goes to recycling centres. Materials such as paper, aluminium, glass, polymers and organic materials may be processed in recycling facilities; however, approximately 67% of collected solid waste volume was disposed at landfills RSG own or operated in FY25 (Republic Services Inc., 2026a).

In addition, the company operates 76 landfill gas-to-energy projects aimed at capturing methane emissions in landfills and converting them into usable energy. RSG also offers customized services involving the collection, treatment, consolidation, disposal, and recycling of hazardous

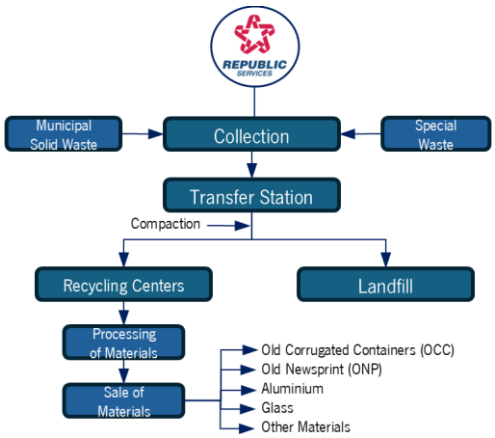


Figure 10. *RSG Vertically Integrated Business Model.*

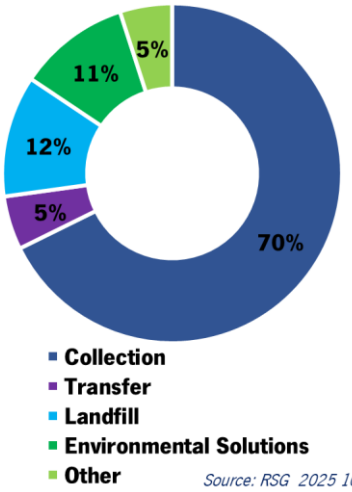


Figure 11. *RSG Net Operating Revenue by Segment in FY25.*

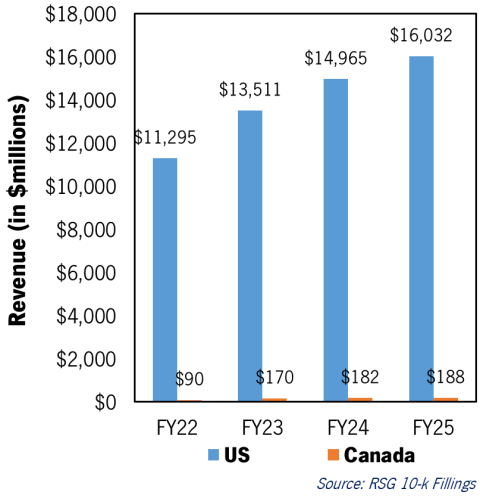


Figure 12. *Canadian an US Market influence on RSG Total Revenue on a Yearly Basis.*

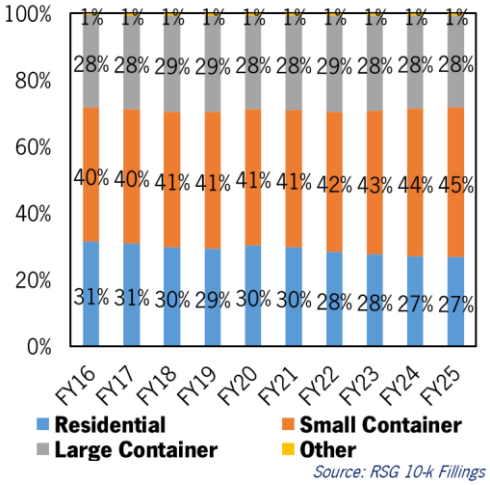


Figure 13. *RSG Historical Revenue of Collection Segment.*

and non-hazardous waste.

RSG segments its revenue into five core business segments throughout the US and Canada: (i) Collection; (ii) Transfer; (iii) Landfill; (iv) Environmental Solutions; and (v) Other (Figure 11). The Collection segment generated $11,233 million in net operating revenue, followed by the Landfill ($1,920 millions) and Environmental Solutions, which accounted for $1,766 million in FY25 total revenue. RSG has entered the Canadian market in FY21, and revenue obtained from the US market largely surpasses the Canadian market which only accounted for 1.17% of total revenue achieved in FY25, as observed in Figure 12. **(i) Collection -** represents RSG's backbone, comprising the activities of waste collection, either through residential, small-container or large-containers. Depending on collection frequency, type and volume of material collected, the company provides customers with curbside collection, and waste containers of varying sizes. Then, collected materials are transported either to transfer station or directly to recycling centres, organics processing facilities or landfills. Revenue within this segment has remained well diversified across residential, small-container and large-container services over the last decade (Figure 13). RSG collection services business includes both recurring and temporary customer relationships. The standard contract duration is of three years. The small-container and residential collection fees are billed monthly or quarterly in advance, whereas large-container customers are typically billed on a monthly basis based on the nature of the services provided during the period (Republic Services Inc., 2026a). Figure 14 depicts the collection absolute revenue evolution between FY16-FY25 in its subsegment

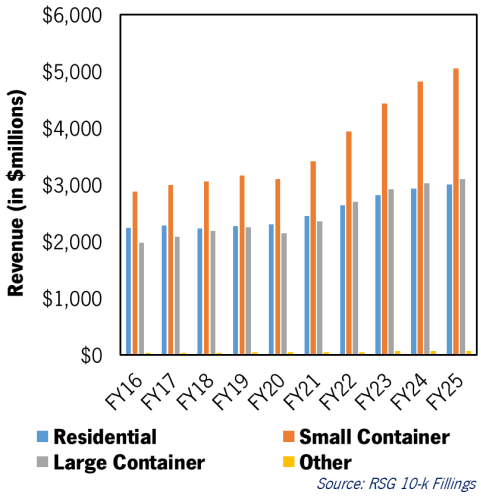


Figure 14. *RSG Historical Revenue Evolution of the Collection Business Segment.*

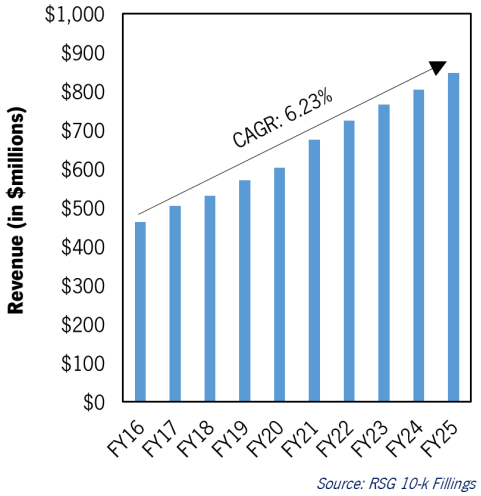


Figure 15. *RSG Historical Revenue Evolution of the Transfer Business Segment.*

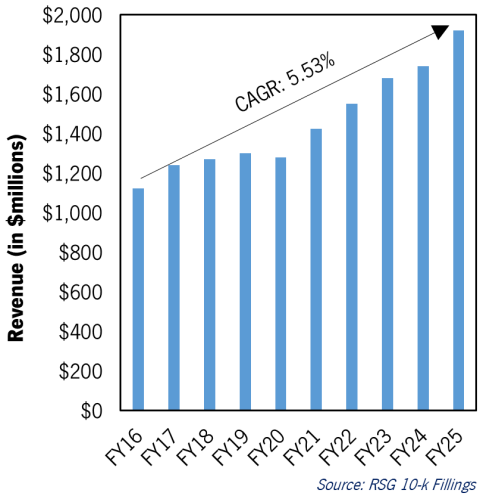


Figure 16. *RSG Historical Revenue Evolution of the Landfill Business Segment.*

representation. An overall CAGR of 4.65% was achieved during this period. **(ii) Transfer -** collected materials are accumulated and compacted at strategically located facilities before being transported to disposal sites or recycling stations. Generated revenue from transfer business segment is processed by charging tipping or disposal fees. The fees received for transfer services are based primarily on the market, type and volume or weight of the material accepted, the distance to the disposal facility and the cost of disposal. Figure 15 presents transfer business segment absolute revenue evolution between FY16-FY25. A CAGR of 6.23% was achieved during this period. **(iii) Landfill –** waste which cannot be recovered or recycled is disposed of at landfill sites owned or operated by RSG. Landfill revenue is mainly generated by charging tipping fees to third parties based on the volume disposed and the nature of the waste. Figure 16 presents landfill business segment absolute revenue evolution between FY16-FY25. A CAGR of 5.53% was achieved during this period. **(iv) Environmental Solutions (ES) –** comprises the collection, transfer, disposal, and recycling of hazardous and non-hazardous industrial waste, as well as industrial cleaning and equipment maintenance services. Unlike the core business segments, ES focuses on customized, compliance-driven solutions which require specialized technical expertise to help clients meet environmental and regulatory requirements e.g., in emergency response from natural disasters. According to RSG, activity for this service line varies across markets and reflects the regulatory environment, pricing and disposal alternatives available in any given market (Republic Services Inc., 2026a). ES revenue is primarily generated

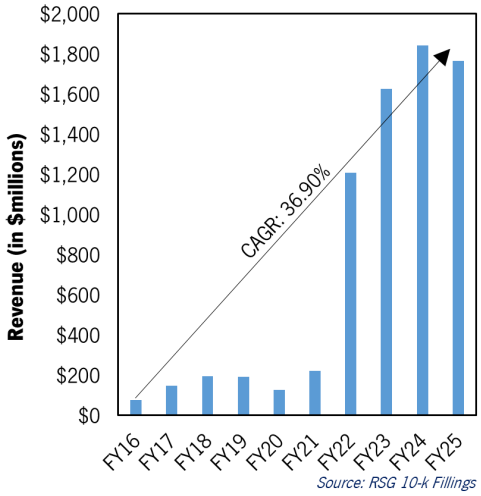


Figure 17. *RSG Historical Revenue Evolution of the ES Business Segment.*

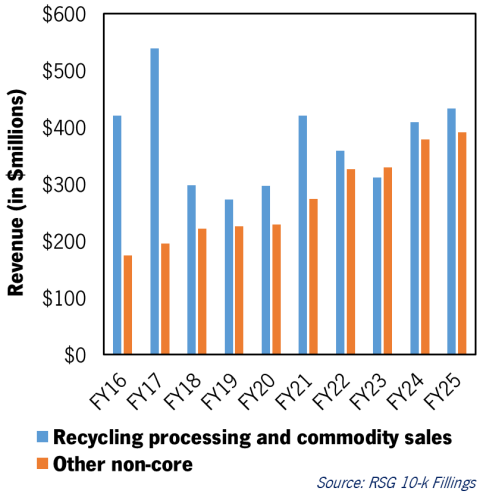


Figure 18. *RSG Historical Revenue Evolution of the Other Business Segment.*

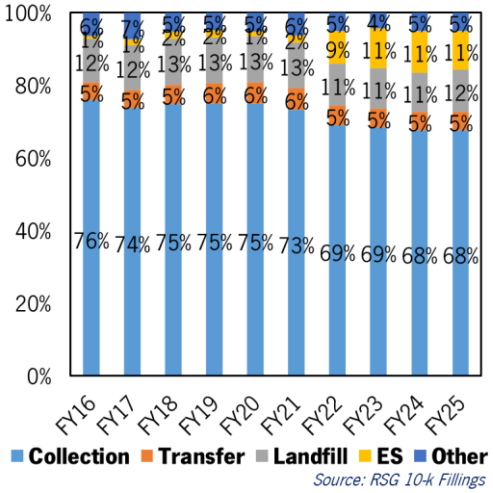


Figure 19. *RSG Historical Revenue by Segments.*

from charged fees. Figure 17 presents ES business segment absolute revenue evolution between FY16-FY25. An extraordinary CAGR of 36.90% was achieved during this period, mainly due to integrated businesses acquisitions. **(v) Other –** includes the processing, recycling, and sale of recovered materials as an alternative to landfill disposal, a subsegment called **(v.i) - Recycling Processing & Commodity Sales** and another subsegment **(v.ii) - Non-core**. The former generates revenue through the sale of OCC, ONP, aluminium, glass, plastic and other materials at market prices. Figure 18 depicts 'Other' absolute revenue evolution between FY16-FY25 in its subsegment representation. An overall CAGR of 3.30% was achieved during this period.

Figure 19 summarises each revenue segment contribution to total revenue in percentual terms over the last decade. Even though the relative contribution of collection services on total revenue has declined on a percentage basis, from 76% in FY16 to 68% in FY25, RSG revenue from this segment has consistently increased over the historical period, remaining the company's primary source of income. Transfer and Landfill generated revenue have maintained approximately constant as well as Other. This trend depicts the stable revenue generating profile of RSG, through successfully securing medium to long-term contracts for collection, transfer, and disposal services. A major revenue stream highlighting point is FY22. Due to the acquisition of US Ecology, ES business segment contribution to total revenue increased from 2% in FY21 to 9% in FY22. The revenue growth of the ES segment highlights its increasing importance as a revenue diversification driver and reflects the company's ability to

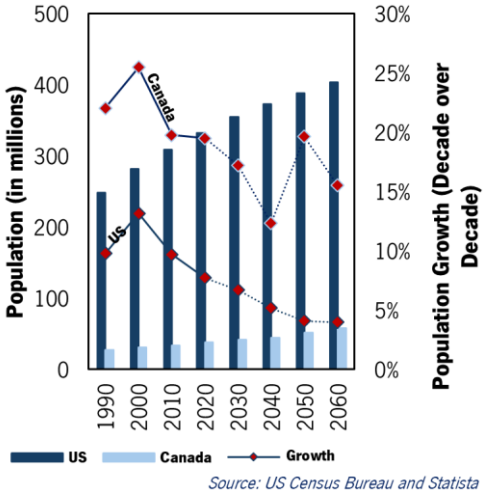
generate synergies from acquired businesses, positioning RSG to gain additional market share within the broader environmental services industry. In FY25, ES has reached 11% of total revenue.

Industry Overview & Competitive Landscape

The demand for waste management services in North America is mainly influenced by three key factors: (i) demographic trends; (ii) economic growth; (iii) technological advancements.

Market Dynamics | Population Growth and Urbanization Support Long-Term Waste Demand

Waste management service providers benefit directly from population growth and increasing urbanization. A rising population and a growing number of households lead to higher volumes of residential and commercial waste generated, resulting in a consistent rise in collection demand. In addition, urbanization also stimulates activity in sectors such as retail, construction, hospitality and manufacturing, which generate significant commercial and industrial waste streams.



Source: US Census Bureau and Statista

Figure 20. *US and Canada Actual Population and Projected Population on a Decade Basis from 1990 to 2060.*

As noticed in Figure 20, according to the US Census Bureau, the US population is expected to increase by approximately 25% over a 45-year period, from 323.1 million in 2016 to 403.7 million in 2060 (Vespa et al., 2018). Over the same period, Canada's population is projected to grow from 38 million in 2020 to 58 million by 2060, corresponding to a 53% increase (Statistics Canada, 2025).

As a result, demand for effective waste management solutions across North America is expected to remain on

an upward trend, driven by the increasing volume and complexity of waste generated in densely populated areas. According to the EPA, MSW generation in the US reached 290 million tonnes in FY18, that is 4.9 pounds per person per day, which corresponds to a huge amount of waste produced every day (US EPA, 2021).

These demographic trends support long-term demand growth for large integrated waste operators such as RSG, which benefit from stable collection volumes across urbanized regions.

Market Dynamics | Moderate U.S. Economic Growth Supports Waste Industry Activity

As nations experience economic growth, they typically undergo industrialisation, urban expansion, and shifts in housing and consumption patterns. All of which contribute to higher waste generation per capita (UNEP, 2024). By 2023, the US GDP reached $27.72 trillion, reflecting an increase of $6.18 trillion since 2019 (O'Neill, 2025). As economic activity expands, waste production tends to increase accordingly.

Hence, macroeconomic factors such as monetary policy decisions, international trade restrictions, consumer confidence, economic slowdowns, inflation, pandemics, supply chain disruptions, and interest rate movements may influence consumer consumption behaviour, leading to volatility in waste volumes and industry revenues. Over the past decade, US GDP growth has remained positive, with only four quarters of negative growth (Figure 21). The outlook from major investment banks remains moderately positive as of the writing time of this report. Goldman Sachs projects a potential GDP growth averaging 2.1% between

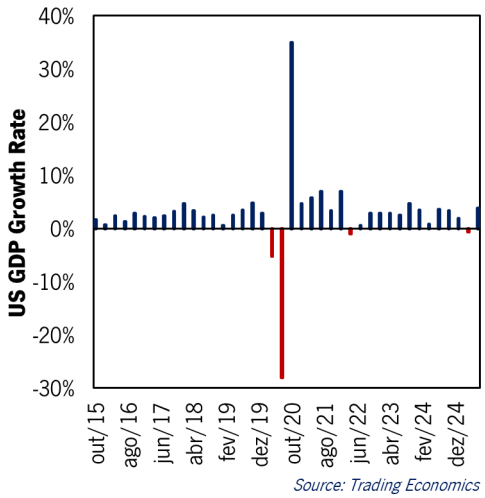
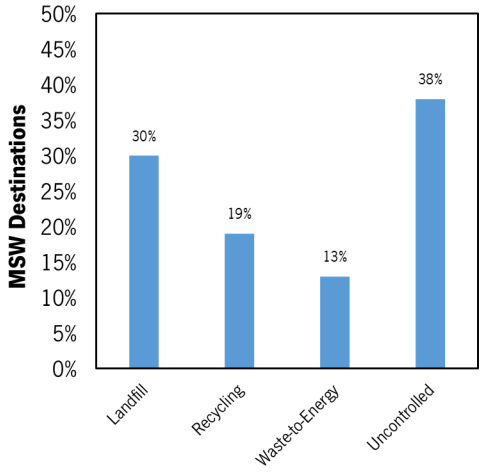


Figure 21. *USA GDP Historical Growth Rate.*

FY25 and FY29, before accelerating to 2.3% in the early 2030s as productivity gains from artificial intelligence further support economic growth (Goldman Sachs, 2025). Given the maturity of the US economy, long-term expectations remain centered on moderate growth rates.

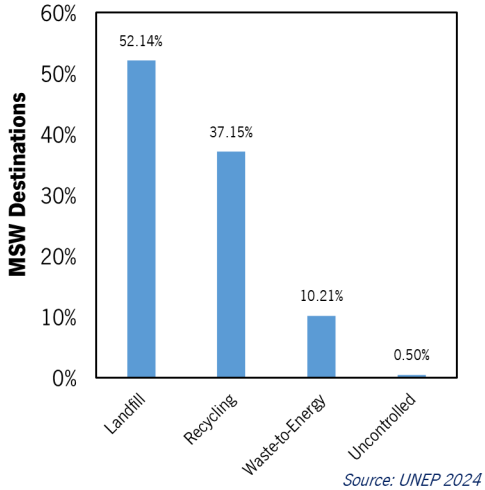
In FY25, the US Federal Reserve initiated a monetary easing cycle, implementing three rate cuts totalling cumulative 75 bps reduction between September and December, with further reductions expected in FY26 (Feroli, 2025). Despite favourable long-term growth projection, near-term concerns persist regarding inflationary pressures. The US CCI declined by 14% YoY in October 2025 (*US Consumer Confidence*, 2025). Inflation peaked at approximately 8% in FY22 before showing signs of reversal, with YoY CPI inflation declining to 3.1% in June 2023. J.P. Morgan forecasts that inflation will gradually return to the Federal Reserve's 2.0% target by the end of 2026 (J.P. Morgan, 2025).

Overall, the outlook for moderate and stable economic growth supports steady waste generation trends, reinforcing the defensive characteristics of the waste management industry. While residential waste volumes tend to remain relatively stable across economic cycles, commercial and industrial waste streams are more sensitive to economic activity, particularly in construction and manufacturing sectors. Given the scenarios of a stimulus in economic activity, waste volume growth collection will be enhanced.



Source: UNEP 2024

Figure 22. *Global Distribution of Municipal Solid Waste Destinations in 2020.*



Source: UNEP 2024

Figure 23. *North American distribution of Municipal Solid Waste Destinations in 2020.*

Industry Dynamics | Innovation Accelerates the Shift Toward Recycling, Waste-to-Energy, and Operational Efficiency

Globally, more than 2 billion tonnes of MSW are generated each year (UNEP, 2024). According to the GWM Outlook 2024, MSW worldwide volumes are projected to increase by 56% to 3.8 billion tonnes by 2050 if no immediate action is taken (UNEP, 2024). As noticed in Figure 22, in the planet more than 35% of waste is uncontrolled, that is waste which is either not collected or disposed of through open burning. In North America management systems to control waste production are implemented and only 0.50% of MSW is in an uncontrolled situation (Figure 23), being 37.15% recycled, 52.14% disposed at landfills and 10.21% converted to energy (UNEP, 2024). Currently, North America region represents the second largest MSW generating region worldwide. While North American region is doing better than the average world with respect to recycled waste, there remains significant room for improvements. Environmental regulations, including the US Resource Conservation and Recovery Act and the National Recycling Policy, target a national recycling rate of 50% by 2030 (US EPA, 2019) which is in line with United Nations Environmental Department of increasing volumes of recycled materials over the following decades, as well as the stabilization of waste disposed at landfills by 2050.

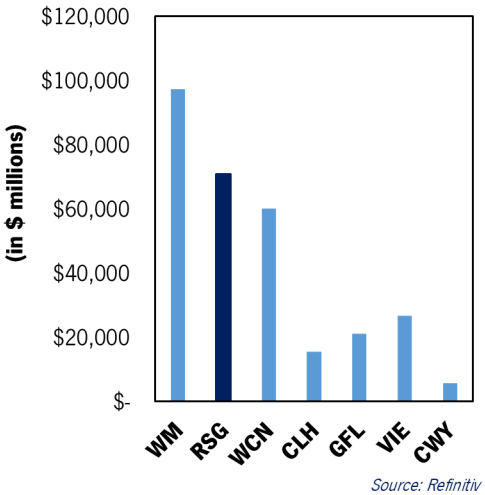
In North America, the Environmental & Waste Management Services Industry is focused on reducing landfill revenue to accomplish sustainable goals. Growing regulatory pressure and increasingly public awareness will continue to force firms to adapt to the transition toward a circular economy and drive a structural shift toward advanced material

processing, recycling, and reuse practices in developed economies. As a result, waste management firms will need to adapt to evolving trends, with a long-term reliance reduction on landfill generated revenue being expected.

Technological advancements will play a key role in improving industry sustainability growth and circular economy adoption. Firms which successfully integrate advanced technologies in an efficient way are likely to gain market share while enhancing operational and financial margins. Another important area of innovation is waste-to-energy, which consists in capturing methane produced by waste disposed at landfills into energy. The adoption of waste-to-energy solutions and advanced recycling systems represent key areas where technological progress may strengthen operational efficiency and competitive positioning. For instance, the global waste-to-energy market is expected to be valued at $48.54bn by FY28, growing at a CAGR of 6.7% from 2022 to 2028 (Fernández, 2025a).

Competitive Positioning

Operating concentrated market: the North American waste management industry is highly concentrated in three big players: Waste Management Inc. (WM), Republic Services Inc. (RSG), and Waste Connections Inc. (WCN). In accordance with Figure 24, WM leads in terms of publicly traded market share with an approximate market capitalization of $97bn, followed by RSG ($71bn), and ($60bn). Additional North American firms include US American Clean Harbors Inc. (CLH) with a market capitalization of $16bn and Canadian GFL Environmental Inc. ($5bn). International firms with business segments involving waste management services include French



Source: Refinitiv

Figure 24. *RSG and its Peers Market Capitalization.*

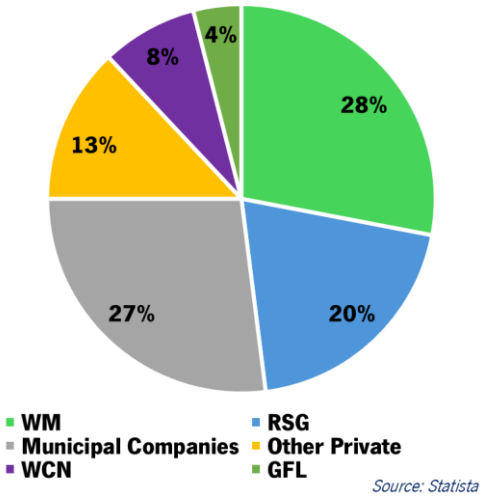


Figure 25. *Market Share of the Landfill Volume Managed in the US as of 2024, by company.*

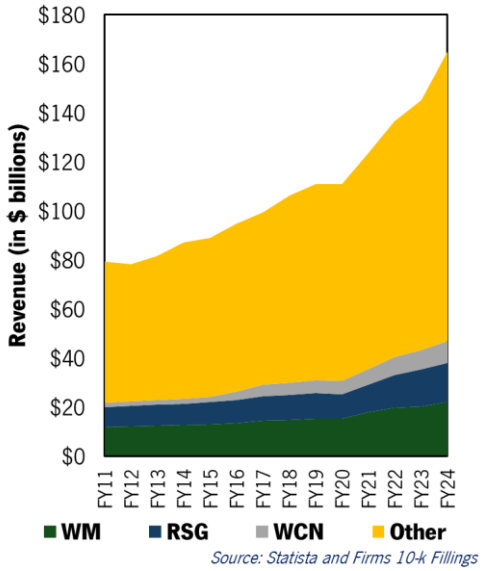


Figure 26. *Revenue of Waste Management Services in the US and Canada.*

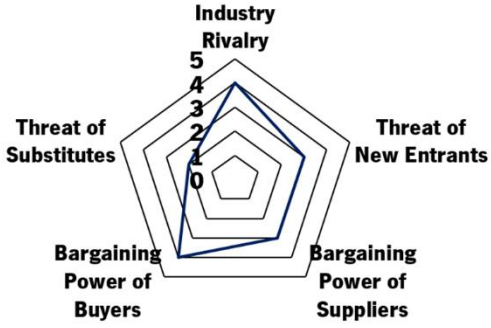


Figure 27. *Porter's Five Forces Analysis.*

multinational Veolia (VIE) and Australian Cleanaway Waste Management Ltd. (CWY) with a market capitalization of $27bn, and $6bn, respectively. Besides publicly traded firms, there are a considerable number of municipal owned and private owned firms operating in the industry. As depicted in Figure 25, RSG ranked third in landfill volume managed in the US in FY24 (with 20%), surpassed by WM and Municipal companies, representing 28% and 27% of landfill volume managed in the US, respectively (Fernández, 2025b). Moreover, according to RSG, the total addressable North American waste management services market generates approximately $165bn in annual revenue across collection and disposal, recycling and materials sales, and specialized environmental solutions (Republic Services Inc., 2025a). As pointed out in Figure 26, the overall industry remains largely municipality driven, because the three big publicly traded firms (WM, RSG and WCN) only represent 28% on FY24 generated revenue. WM revenue market share declined from 15% in 2011 to 13% in FY24, while RSG maintained a stable 10%. Over the same period, WCN increased its market share 3bps to 5% in FY24. Most of the remaining revenue is controlled by municipalities and private companies.

The relatively stabilized evolution of market share in terms of revenue is explained by the Waste Management Industry dynamics. This industry is characterized by significant barriers to entry. As indicated by the Porter's Five Forces Analysis (Figure 27), the threat of new entrants is relatively low due to substantial capital requirements for infrastructure such as landfills, recycling facilities, collection and transfer vehicle fleet, as well as strict environmental regulations and permits bureaucracy which

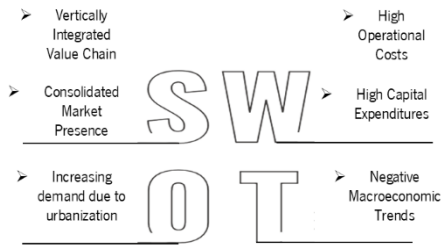
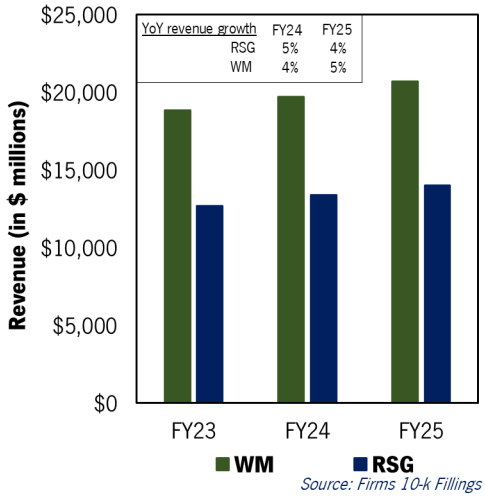


Figure 28. *SWOT Analysis.*

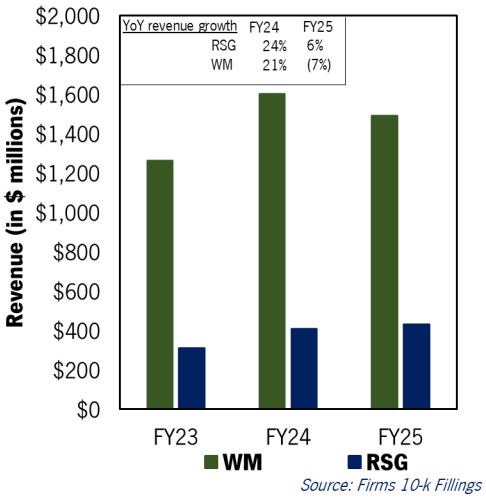


Source: Firms 10-k Fillings

Figure 29. *RSG and WM Revenue from Collection, Transfer and Landfill Revenue Segments.*

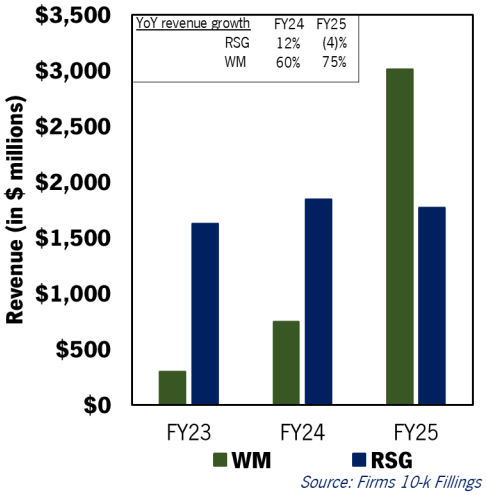
are very restrictive and time-consuming. In addition, the industry benefits from economies of scale, established distribution and collection networks, as well as relatively stable contracts with municipalities protect the competitive established position of the existing incumbents. The SWOT analysis (Figure 28) further highlights how vertically integrated operations and extensive asset bases provide established firms with operational efficiencies, favouring high customer retention rates. High capital expenditures requirements also mitigate the threat of new entrants. Together, these structural advantages create a publicly traded highly consolidated market in which the leading firms (WM, RSG and WCN) continue to maintain stable market shares over time. Additional details with respect to the Porter's Five Forces and Swot Analysis are presented in Appendix B and Appendix C, respectively.

Revenue growth of conventional waste management in line with long-term prospects: the core revenue segments of firms in the Waste Management Industry remains the conventional solid waste handling within the core revenue streams, more specifically collection, transfer and landfill revenue segments. As noticed in Figure 29, the market leader WM dominates in terms of absolute revenue, however the YoY revenue growth is low both for WM and RSG. There is little room for a company to stand out within this niche, and the predictability of revenue is a characteristic of the industry, which makes these companies suitable for defensive investment strategies. **Positive signs in circular economy initiatives mainly through polymer recycling:** recycling processing & commodity sales revenue subsegment is characterized by very volatile



Source: Firms 10-k Fillings

Figure 30. *RSG and WM Revenue of Recycling Processing and Commodity Sales Subsegment.*



Source: Firms 10-k Fillings

Figure 31. *RSG and WM Revenue of Environmental Solutions Segment.*

revenue streams due to fluctuations in commodities prices. Even though WM clearly dominated in recycled materials volumes, RSG differentiates itself through targeted investments in polymer recycling. In fact, RSG has observed an upward trend in recycling processing and commodity sales over the last three years, while WM has observed a revenue decline in FY 25 (Figure 30). Overall, WM is a market leader providing recycling services covering paper, organic, metal and glass recycling. RSG is well positioned to benefit from medium to long-term revenue growth from their polymer recycling centres initiatives. According to Towards Packaging consultants, the global recyclable plastics market is projected to expand from $83.60bn in FY24 to approximately $195.92bn by FY34, representing a projected CAGR of 8.89% (Geetanshi, 2025).

ES business segment as a strategic differentiator: Firms operating in the Waste Management Industry are clearly pursuing external growth through acquisitions to integrate additional business niches within their core business. As presented in Figure 31, RSG was the ES business segment market leader in terms of absolute revenue until FY24. The acquisition of US Ecology in FY22, allowed the company to differentiate itself by providing specialized waste management handling solutions for industries such as refineries, chemical plants, manufacturing plants, pharmaceutical manufacturers, and technology companies for handling hazardous, and special waste streams. However, in FY25, WM has surpassed RSG due to the acquisition of Stericycle. It allowed WM to specialize in medical waste and pharmaceutical waste disposal. This acquisition explains the abrupt YoY revenue growth observed in FY25 for WM, while the YoY decline in

Table 4. *ESG Scores of Different Institutions.*

	Refinitiv	MSCI	Morningstar
WM	A (85)	BBB (Average)	18.03 (Low)
RSG	A- (76)	A (Average)	16.38 (Low)
WCN	B (60)	A (Average)	19.59 (Low)
CLH	B- (58)	No data found	20.06 (Medium)
GFL	B+ (73)	BB (Average)	23.42 (Medium)
VIE	B+ (71)	No data found	21.56 (Medium)
CWY	B (66)	No data found	21.06 (Medium)

Table 5. *ESG Pilar Scores.*

	Avg.	E	S	G
WM	A (85)	B (67)	A (87)	A+ (95)
RSG	A- (76)	A+ (92)	B+ (69)	B+ (72)
WCN	B (60)	B- (53)	C+ (43)	A (85)
CLH	B- (58)	B+ (68)	C+ (49)	B (63)
GFL	B+ (73)	A- (79)	B+ (70)	B+ (73)
VIE	B+ (71)	A- (76)	B+ (68)	B+ (69)
CWY	B (66)	C+ (45)	A- (81)	B (62)

Source: Refinitiv

Table 6. *RSG ESG Score Evolution.*

	FY24	FY23	FY22	FY21	FY20
Avg.	A-	A-	A-	B+	B+
E	A+	A+	A+	A	A
S	B+	B+	B	B	B
G	B+	A-	A-	B+	A

Source: Refinitiv

revenue growth for RSG is attributable to lower demand for emergency response services and the slowdown in the US manufacturing and construction end markets.

RSG was pioneer in a major acquisition in FY22, followed by WM in FY24. Firms within the industry will certainly continue to pursue acquisition opportunities and the ones with strong balance sheet which are able to identify, acquire, and integrate specialized private companies and realize successful synergies are expected to gain market share and diversify revenue streams over the medium term.

Environmental, Social & Governance (ESG)

ESG performance is a key competitive driver in the Environmental & Waste Management Services Industry, where regulatory compliance and environmental impact mitigation are key considerations for long-term success. ESG considerations are particularly relevant for this industry due to their direct environmental footprint, including landfill emissions, that is decarbonization and waste treatment processes to enhance material circularity. Currently, RSG maintains industry-leading ESG ratings from major institutions score providers, as shown in Table 4. Based on investments in sustainability, circular economy solutions, and decarbonization targets, RSG particularly demonstrates strength in environmental aspects, while there is still room for improvements in social and governance issues (Table 5). Historical trends indicate consistently high environmental scores, an improving trend in social performance, and a more volatile evolution in governance aspects (Table 6). RSG and its peers share similar sustainability goals benchmarked against the United Nations 2030 Sustainable Development Goals.

Environmental

RSG strives to be a market leader in environmental sustainability within the Waste Management Industry which is mainly assessed through two main topics: (i) decarbonization; (ii) circular economy. RSG has structurally incorporated environmental considerations across all business operations. This is essential not only to meet regulatory pressures, but also to position the company to adapt to evolving trends in the forthcoming decades.

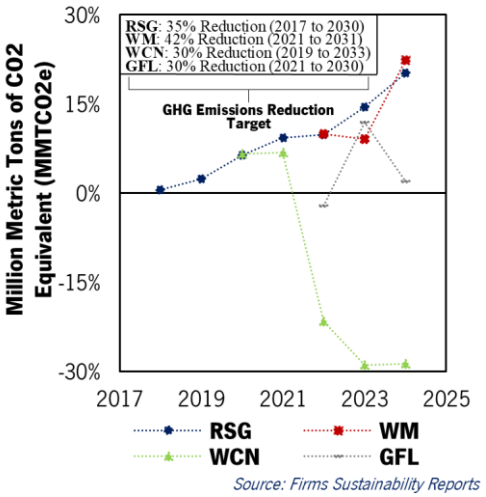


Figure 32. *RSG and Peers GHG Emissions Reduction Targets.*

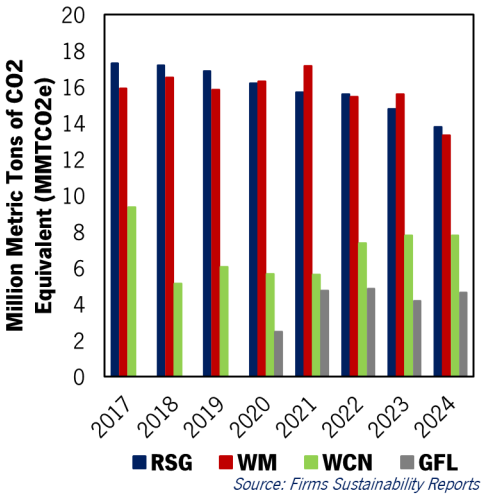


Figure 33. *RSG and Peers Total Scope 1 & 2 CO2 Emissions History.*

(i.i) GHG: Methane emissions from landfills represent one of the largest sources of greenhouse gases emissions in the Waste Management Industry, making landfill gas capture and renewable natural gas production key decarbonization tools. As noticed in Figure 32, RSG remains on track to meet its stated emissions targets, having achieved a 20% reduction in GHG emissions in FY24 relative to its baseline year (Republic Services Inc., 2025b). In fact, RSG was the first among its peers to establish a Scope 1 and 2 GHG reduction target in FY17, aiming for a 35% reduction by FY30. However, this target is less ambitious than that of its main competitor, WM, which has committed to reducing Scope 1 and 2 emissions by 42% over a 10-year period (Waste Management Inc., 2025). Despite operating with approximately 18% more active landfills, WM reported lower absolute GHG emissions than RSG in FY24 (Figure 33).

(i.ii) Renewable Energy: biogas produced by organic waste decomposed in landfills is utilized to generate renewable energy. RSG and its peers are committed to deploying advanced technologies to convert waste into energy, thereby supporting decarbonization and circularity objectives. A core strategic priority is the optimization of RNG production for internal fleet consumption. While RSG

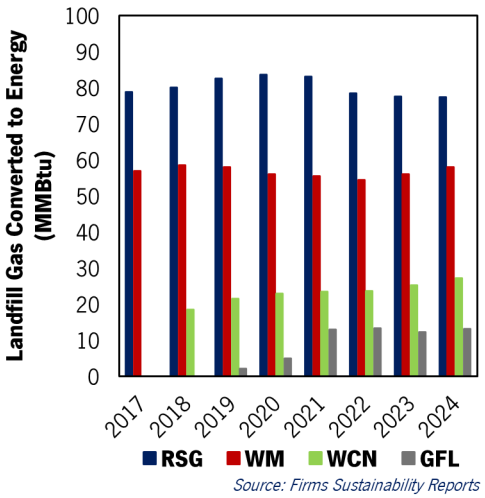


Figure 34. *RSG and Peers Total Landfill Gas Converted to Energy.*

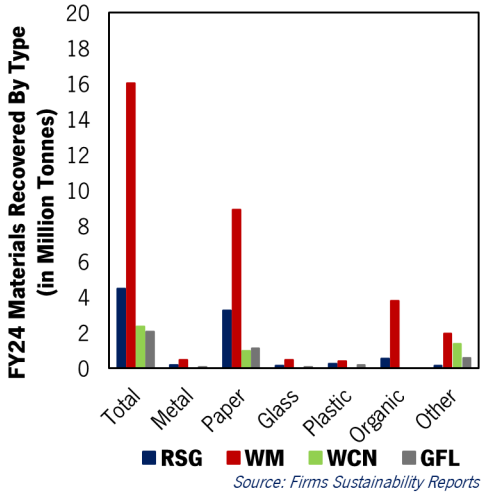


Figure 35. *RSG and Peers Materials Recovered in FY24 by Type.*

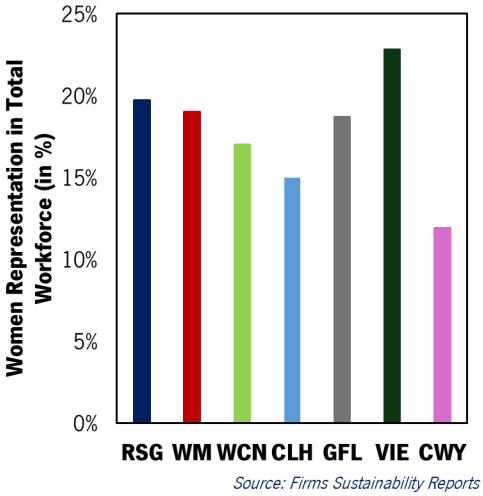
continues to expand its renewable energy output through the development of additional RNG facilities, RSG currently operates 27 RNG projects and plans to add at least 40 more in the coming years (Republic Services Inc., 2025b). Additionally, the company targets a 50% biogas reuse rate by FY30. Currently, approximately 90% of RSG's active landfills are already equipped with gas collection systems, enabling around 20% of its recycling and solid waste collection fleet to operate on RNG (Republic Services Inc., 2025b). Moreover, RSG manages more than 180 electric collection trucks, including the first North American fully integrated electric front-load collection truck to service commercial customers. Electric motors are three to five times more energy efficient than internal combustion engines, reducing energy consumption per mile driven (Canada Energy Regulator, 2021). Even though operating fewer active landfills, RSG surpasses WM with respect to landfill gas reuse (Figure 34).

(ii) Circular Economy: RSG operates advanced recycling and waste management solutions which support the continuous recovery and reuse of materials. The company's medium-term objective is to increase material recovery volumes by 40% relative to its FY17 baseline, reaching 3.4 million tonnes annually by FY30 (Republic Services Inc., 2025b). However, compared with its main competitors, RSG targets are less ambitious, with WM reporting significantly higher absolute recovery volumes (Figure 35). RSG has invested in polymer recycling infrastructure. Recent investments in two polymer recycling centres and 'Blue Polymers' joint venture introduce plastics packaging in the vertically integrated business model. Between FY18 and FY25, the company planned to invest approximately

$1bn in recycling technology and infrastructure, with the objective of recycling one billion bottles and containers annually (Republic Services Inc., 2025b). Furthermore, RSG's Environmental Solutions segment enables the recovery of specialized materials such as propylene glycol, aerosol cans, oil and special waste drums, further strengthening its circular economy positioning.

Social

Safety: As RSG evolves beyond traditional waste collection into broader environmental services, operational complexity and safety considerations become significantly important. By FY24, collision-avoidance technology had been fully implemented in more than 13,000 trucks at nearly 300 locations, while 77% of RSG residential routes had been automated (Republic Services Inc., 2025b). These technological investments contributed to improved operational safety, with the company reporting zero employee fatalities in FY24. RSG is also committed to reducing its TRIR to 2.0 or below by FY30; as of FY24, the company reported a TRIR of 3.2, compared with an industry average of 3.8. **Talent**: RSG actively supports long-term employee career development. In 2024, the RSG Leadership Academy and the RSG Technical Institute graduated 84 members and 87 maintenance technicians, respectively (Republic Services Inc., 2025b). **Diversity & Inclusion**: In FY24, RSG reported an employee engagement score of 86, well above the national average of 79. Employee turnover declined below 20% for the first time in several years, signalling improvements in retention and workplace culture. The workforce is racially and ethnically diverse, with women representing 20% of total employees (Figure 36) and 31% of senior leadership



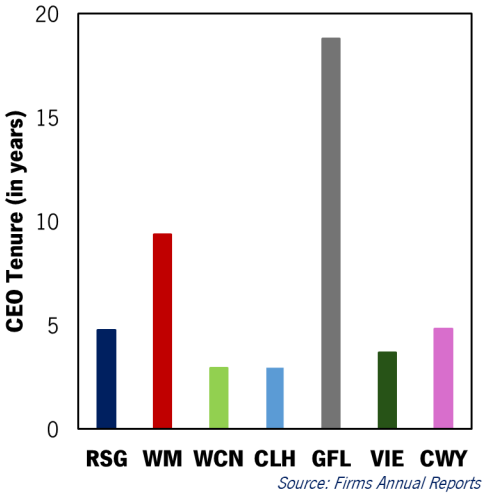
Source: Firms Sustainability Reports

Figure 36. *RSG and Peers Female Staff Ratio in FY24.*

positions. **Social Impact**: Through the RSG Charitable Foundation, the company has positively impacted a total of 19.3 million individuals via targeted social programs. RSG has articulated a long-term objective of supporting sustainable communities for 45 million people by 2030 through partnerships and community engagement initiatives.

Governance

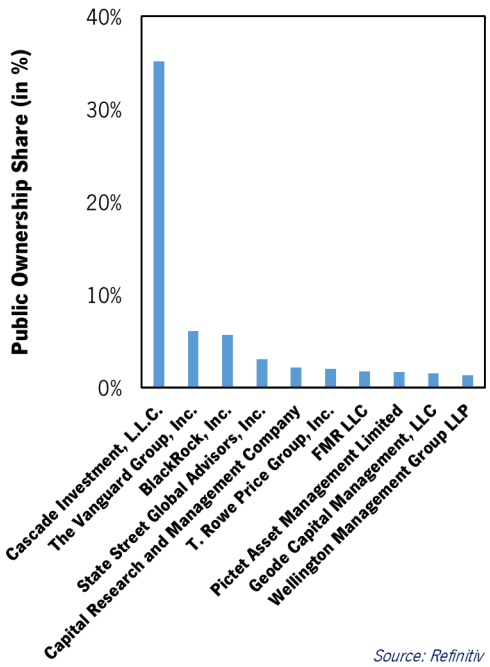
Executive Remuneration: Approximately 57% of executive compensation is directly linked to company performance through a combination of annual cash incentives and long-term equity-based awards, as determined by the Talent & Compensation Committee. The annual cash incentive program is designed to discourage excessive risk-taking, while long-term equity incentives include performance stock units with a three-year performance period, reinforcing alignment between management and shareholder interests. The Talent & Compensation Committee is comprised of five independent members with no current or former affiliations with the company, ensuring objectivity in compensation decisions.



Source: Firms Annual Reports

Figure 37. *RSG and Peers CEO Tenure.*

Board of Directors: Jon Vander Ark was appointed as CEO of RSG in June 2021. Appendix D presents RSG Officers Composition. Figure 37 presents CEO tenure of RSG and its peers. The peer average tenure is 6.8 years. RSG's board member have tenures ranging from one to 16 years, with an average tenure of 6.8 years. The Board has 11 members, 10 of whom are independent, supporting effective oversight and shareholder representation. Women account for 33% of Board membership. Detailed Information on Board Directors is provided in Appendix E. Public and Insider Ownership: RSG's ownership structure



Source: Refinitiv

Figure 38. *RSG Public Ownership Share.*

is presented in Figure 38. Three institutional shareholders each hold more than 5% of outstanding shares, with the largest shareholder owning approximately 35%. The general public accounts for around 5% of ownership, while insiders, including executives and board members, hold less than 0.2%, indicating limited insider ownership. Net insider trading amounted to $4.2 million over the past 12 months, which may be interpreted as a counterpoint to management confidence. However, the company's $3bn share repurchase program initiated in FY24 provides a positive asymmetric signal regarding management's confidence in RSG's long-term outlook (Republic Services Inc., 2026a).

Financial Analysis

Table 7 summarizes RSG's key financials from historical and forecasted period. Appendix F clarifies the computation methods as well as the data in a tabular form of the figures presented in this section. The standardized and the Common Size financial statements are observed in Appendix G. Full details on financial statements items forecasts are summarized in Appendix H.

Table 7. *Key Financials.*

(in $ millions)	**FY22**	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**	**FY28E**	**FY29E**	**FY30E**	**FY31E**	**FY32E**
Revenue	$13,511	$14,965	$16,032	$16,591	$17,237	$18,461	$20,038	$22,032	$24,239	$26,301	$27,791
EBITDA	$3,931	$4,442	$5,008	$5,250	$5,541	$6,026	$6,641	$7,412	$8,276	$8,980	$9,489
EBIT	$2,579	$2,941	$3,331	$3,436	$3,656	$4,093	$4,542	$5,105	$5,737	$6,225	$6,578
CF Operations	$3,583	$4,120	$4,466	$4,862	$5,276	$5,703	$6,320	$7,087	$7,895	$8,497	$8,840
FCFF	-$1,118	$167	$1,669	$1,089	$1,944	$2,287	$2,617	$3,027	$3,454	$3,720	$3,877
DPS	$1.91	$2.06	$1.65	$2.37	$2.50	$2.72	$3.04	$3.48	$4.10	$4.95	$6.12

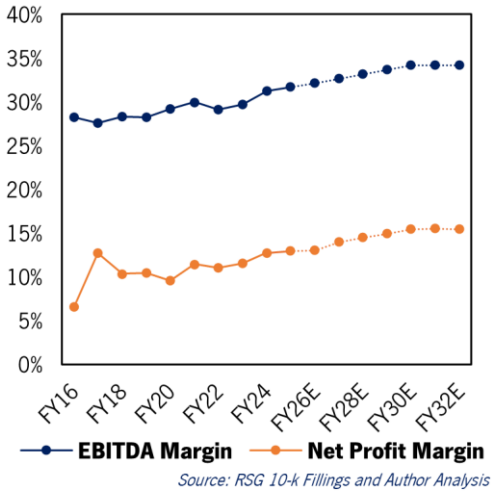


Figure 39. *RSG EBITDA and Net Profit Margins.*

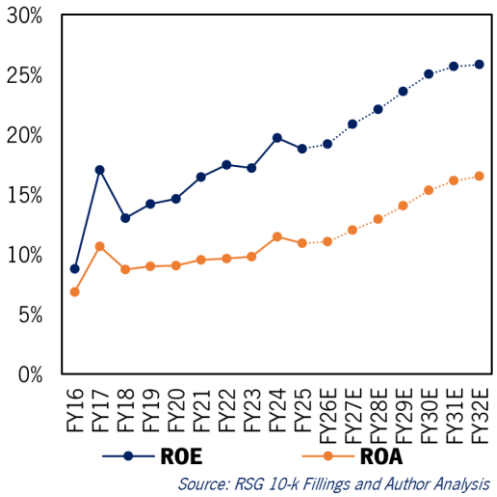


Figure 40. *RSG ROE and ROA.*

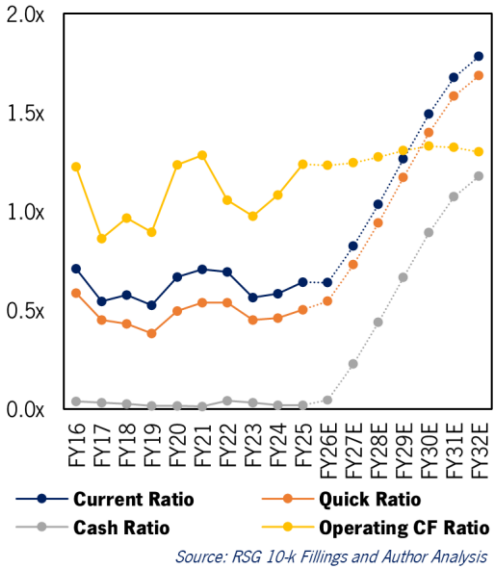
Profitability | Sustained margin expansion driven by pricing power and structural competitive advantages

Supported by strong pricing power and high customer retention, RSG's EBITDA and Net Profit Margins have improved consistently between FY16 and FY25, as illustrated in Figure 39. Even during the COVID-19 pandemic, RSG demonstrated strong resilience. Margins expansion has been supported by operational initiatives including RNG projects, fleet electrification, and the integration of AI-driven route optimization systems. These initiatives, combined with structural industry characteristics such as high barriers to entry and an extensive landfill network, support long-term cash flow generation. This is also reflected in the CAGR of 8.87% in cash flow from operating activities over the past decade. Therefore, we expect this trend to continue, supported by sustained pricing discipline and incremental efficiency gains from technology and sustainability investments. We forecast a gradual improvement in EBITDA margins from 31.64% in FY25 to 34.14% by FY30E, after which margins are assumed to stabilize. That is consistent with management guidance of a 50 bps improvement of EBITDA Margin per year (Republic Services Inc., 2025d). As a result of enhanced operational efficiency, ROE is projected to increase from 18.79% in FY25 to 25.83% in FY32E (Figure 40). This remains relatively above the Environmental & Waste Management Services Industry average of 22.32% (Damodaran, 2025e). Similarly, ROA has also improved steadily over the last decade, reaching 11.44% in FY24, before declining to 10.94% in FY25. We project a continued upward trend over the forecast horizon, reflecting operating

efficiency gains and synergies associated with the company's acquisition program, with ROA reaching 16.49% in FY32E.

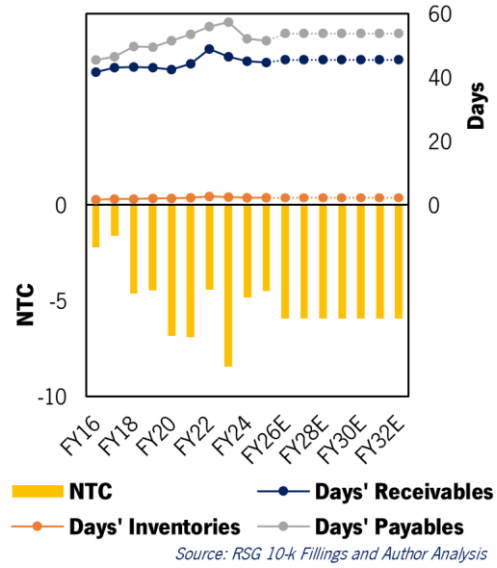
Liquidity | CF generation and Negative Working Capital Cycle Supports Liquidity

Liquidity Ratios, including Current, Quick and Cash Ratios, have remained broadly stable over the historical period (FY16-FY25) as noticed in Figure 41. Current Liabilities consistently exceed Current Assets, which is a common characteristic in firms operating in a capital-intensive industry. While Current, Quick and Cash Ratio remained below 1.0x (historical period), they do not indicate limited liquidity and financing risks, since RSG strong ability to generate steady and recurring operating cash flow enables the company to meet its financial obligations. The Operating Cash Flow Ratio remained strong at an average of 1.08x over the historical period. Moreover, the limited reliance on inventory reduces the gap between current and quick ratios. We project an improvement in liquidity metrics over the forecast period (FY26E-FY32E). Short-term assets are expected to fully cover short-term liabilities by FY27E, while operating cash flow is projected to average 1.29x of current liabilities over the forecast horizon.



Source: RSG 10-k Fillings and Author Analysis

Figure 41. *RSG Liquidity Ratios.*

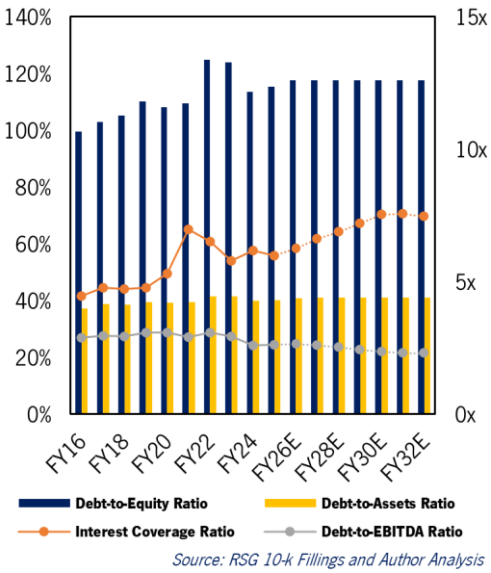


Source: RSG 10-k Fillings and Author Analysis

Figure 42. *RSG Working Capital Management.*

The operating working capital management further supports this assessment. RSG has consistently maintained a low working capital risk profile, reflected in its negative NTC throughout the historical period (Figure 42). A negative NTC indicates that the company effectively finances part of its operations through supplier credit. That is the company typically collects cash from customers before settling payments with suppliers, enhancing liquidity

and cash conversion efficiency. We expect this discipline to persist, forecasting a stable negative NTC of 5.92 days, in line with the 3-year historical average.

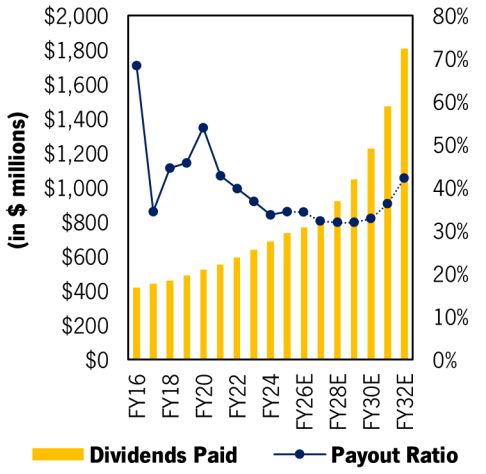


Source: RSG 10-k Fillings and Author Analysis

Figure 43. *RSG Solvency Ratios.*

Solvency | Strong Cash Generation Supports a Highly Leveraged Capital Structure

RSG's solvency position deteriorated gradually over the historical period (FY16-FY25), primarily driven by acquisition activity, particularly the acquisition of US Ecology in FY22. In that year, the Debt-to-Equity Ratio peaked at 125%, debt represented 42% of total assets, and the Debt-to-EBITDA Ratio achieved its highest level of 3.07x (Figure 43). This moderate-to-high leverage profile is a characteristic of the capital-intensive industry in which it operates. Between FY22 and FY24, management demonstrated disciplined capital management, as reflected in improving solvency metrics: the Debt-to-Equity Ratio declined to 114%, while the Debt-to-EBITDA Ratio lowered to 2.59x. In FY24, EBIT covered interest expenses by more than six times. Given RSG's continued acquisition driven growth strategy, we project a persistently elevated leverage profile. Debt-to-Equity and Debt-to-Assets Ratios are forecast to average approximately 118% and 41%, respectively. Despite this leverage, the company's strong cash flow generation and pricing power are expected to support debt servicing capacity. The Interest Coverage Ratio is projected to improve from a low of 5.99x in FY25 to 7.47x in FY32E, slightly above the Environmental & Waste Management Services Industry average of 5.85x (Damodaran, 2025c). This improvement is driven primarily by EBITDA growth and operating margin expansion. Total Debt is expected to remain within a 2.3x – 2.6x EBITDA range, below the industry average of 2.95x.



Source: RSG 10-k Fillings and Author Analysis

Figure 44. *RSG Dividend Policy.*

Dividend policy

Stable profitability and consistently growing earnings per share have allowed RSG to consistently increase dividends over the historical decade (Figure 44). We forecast an annual dividend payout growth of 6% in FY26E which is consistent with the last recorded quarterly dividend amount. Thereafter, dividend growth is expected to increase YoY, supported by the projected earnings expansion. Despite this, the payout ratio is projected to decline in the medium term, reflecting the company's continued focus on acquisition growth and the associated reinvestment needs. Accordingly, the payout ratio is expected to decrease from 34% in FY24 to a minimum of approximately 32% by FY30E. Beyond this point, we anticipate a gradual increase in the payout ratio, reaching around 42% by FY32E, as the company transitions toward the terminal growth phase with reduced reinvestment requirements.

Table 8. *DCF Output.*

Base Case Scenario (in $ millions)	
Terminal Value	$90,249
PV Terminal Value	$62,470
PV Forecast Period (FY27E to FY32E)	$2,683
Enterprise Value	**$77,579**
Gross Debt	$14,635
Cash	$192
Equity Value	**$63,134**
Shares Outstanding	307,552,174
Implied Share Price	**$205.28**
Premium (Discount) to last Close	(10.36)%

Valuation

The price target of $205.28 implies a 10.36% discount to last close and a 6.72% discount to 1M VWAP of $220.07. The target price is derived using a 100% weighting of intrinsic valuation (DCF) as represented in Table 8. Based on the adopted investment recommendation system, which recommends selling when the decline relative to the current share price exceeds 20%, buying when the increase exceeds 20%, and holding when the expected change falls within this range, a Hold investment recommendation is issued. For complementary purposes, relative valuation and dividend discount model methodologies were also conducted which further validate our Hold

Table 9. *RSG Weighted Average Cost of Capital Assumptions.*

Input	Figure	Weight
Weighted Average Yield to Maturity	4.31%	0%
Credit Spread Approach	5.04%	100%
Pre-Tax Cost of Debt	5.04%	-
Marginal Tax Rate	25.63%	-
After-Tax Cost of Debt	3.75%	-
Risk-Free Rate	3.96%	-
Beta (Bottom-up)	0.66	100%
Beta (Linear Regression)	0.57	0%
Market Risk Premium	4.33%	-
Cost of Equity	6.82%	-
MV Debt	$13,581,000,000	-
MV Equity	$70,716,310,000	-
Cost of Capital	6.32%	-



Figure 45. *RSG Peers Group.*

Recommendation.

(i) Discounted Cash Flow Model

Structure: a two-stage FCFF DCF model was employed. The explicit forecast period spans seven years, from FY26E to FY32E, followed by a terminal value assumption. The target price is estimated as of December 31, 2026.

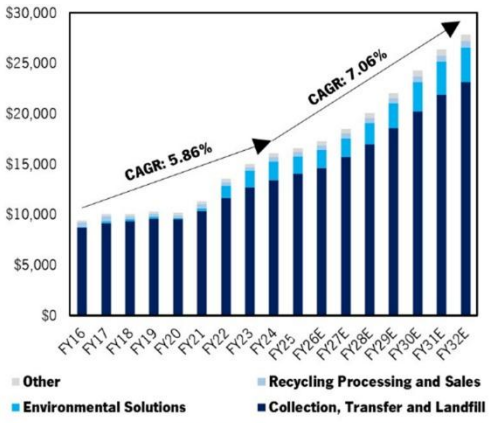
Cost of Capital: an estimated WACC of 6.32% was applied throughout the explicit **forecast period** (Table 9). Full details about cost of capital, cost of equity and cost of debt are available in Appendix I. The pre-tax cost of debt was estimated to be 5.04% by applying the credit spread approach. For that purpose, RSG's BBB+ credit spread (1.08%) was added to the risk-free rate (3.96%), which was considered as the 10-year US Treasury bond yield. A complementary cost of debt of 4.31% was computed by using the weighted average yield to maturity of RSG issued publicly traded outstanding bonds. A marginal tax rate of 25.63% was used to compute the after-tax cost of debt sourced from Damodaran database (Damodaran, 2025a). The cost of equity was calculated at 6.82%, assuming the risk-free rate of 3.96%, a market risk premium of 4.33%, and a beta of 0.66. The cost of equity was derived using the CAPM, which evaluates the risk of an investment relative to the overall market. RSG's beta was determined using the bottom-up approach as proposed by Professor Damodaran (Damodaran, 2012). The peer group of RSG is presented in Figure 45. The procedure used to select them is summarized in Appendix J; a brief description of the peers is also presented. The overall goal was to select firms which operate in the same businesses as RSG sharing, at the possible extent, similar growth, risk and leverage

Table 10. *RSG Beta Calculation using Bottom-Up Approach.*

Peers	Levered Beta	MV Debt/MV Debt	Tax Rate	Unlevered Beta
RSG	0.57	0.19	25.6%	0.50
WM	0.58	0.24	25.6%	0.49
WCN	0.64	0.14	25.6%	0.58
GFL	0.92	1.16	26.1%	0.50
CLH	1.01	0.19	25.6%	0.88
VIE	1.14	1.31	25.8%	0.58
CWY	1.17	0.20	30.0%	1.02
			Equal-Weighted Average:	0.67
			Median:	0.58

profiles. Following Professor Damodaran procedure, the bottom-up beta determination consisted in four steps, as summarized in Table 10: (i) each peer levered beta was determined in accordance with the criteria defined by Professor Damodaran (Damodaran, 2012). Therefore, the Total Return of each peer was regressed against the Total Return of a common and well diversified equity index over a 5Y period using monthly data. The reference Index was the MSCI World; (ii) the unlevered beta of each beta was computed using the corresponding levered beta and capital structure; (iii) the average beta for the peers was determined using the equal-weighted average as well as the median unlevered beta which yielded relatively different values of 0.67 and 0.58, respectively. Since the data being averaged (betas and debt-to-equity ratios) have large outliers, we use the median beta as the peers unlevered beta, which is in accordance with Professor Damodaran recommendations (Damodaran, 2012); (iv) using RSG current market values of debt and equity as well as the US marginal tax rate, the RSG levered beta of 0.66 was estimated. An additional approach was used to estimate RSG beta. This one consisted of regressing the RSG Total Return as a function of two Market Indexes Total Returns (the S&P500 Index and the MSCI World) over a 5Y period using monthly data. The regression beta yielded a beta of 0.54 (regressed using the S&P500 Index) and 0.57 (regressed using the MSCI World Index) which is relatively lower than the 0.66 bottom-up beta considered for the cost of equity calculation. Since Revenue from Canadian market has been less than $1bn until FY22 and even in FY25 it accounted for less than 2% of RSG Total Revenue (Republic Services Inc., 2026a), the ERP was sourced from

Damodaran's database (Damodaran, 2025d), using the implied ERP only for the US market. To ensure consistency with prevailing market conditions, the implied ERP was used as the market premium. In the **terminal period**, the firm is assumed to continue operating in its existing business. We assume an equal cost of equity and cost of debt of the forecasted horizon, resulting in a WACC of 6.32%.

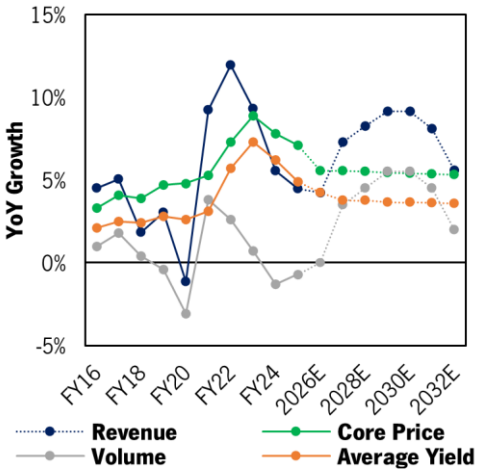


Source: RSG 10-k Fillings and Author Analysis

Figure 46. *RSG Historical and Forecasted Revenue CAGR.*

Revenues: We model a revenue CAGR of 7.06% over FY26E-FY32E, above the historical CAGR of 5.86% (Figure 46). The forecast highlights the confidence in the company management to achieve a medium-term revenue growth profile: an YoY revenue accelerating profile was modelled, reaching a 10.02% YoY revenue growth in FY30E. Afterwards, revenue growth slow down reaching an YoY growth of 5.67% in FY32E, approaching management long-term guidance of 5% growth. Overall, revenue forecasts are based on macroeconomic dynamics such as easing inflation, and continued easing cycle in policy rate, industry-specific factors including the improvement in manufacturing and construction end market as well as company-specific factors, namely the strong pricing power. Revenue forecast methods were different for the different RSG reportable revenue segments. The Collection, Transfer and Landfill revenue segments comprise RSG core lines of municipal solid waste management and were modelled using core price and average yield metrics. ES business segment has a high growth potential, being very sensitive to construction and manufacturing end-markets. Therefore, revenue was projected following a different procedure. Recycling Processing & Commodity Sales revenue subsegment is very volatile and the Other Non-core

revenue subsegment were also modelled in a specific method. **Collection, Transfer and Landfill:** we forecast revenue across all these three segments using a bottom-up organic growth approach consistent with the operating drivers of RSG. We decompose the revenue growth into its fundamentals components, more specifically core price, average yield and volume. Core price represents the company's underlying pricing actions, that is, the base price increases per unit of service, reflecting the company pricing power. Average yield represents the actual realized revenue per unit of service, it captures the net effect of pricing actings after considering factors such as customer behaviour, service mix changes, discounts and cancellations. Therefore, core price is linked to contractual price increases and CPI increases, while average yield best measures the realized pricing. Volume indicates the physical amount of waste collected. Figure 47 summarizes both historical and forecasted evolution of revenue growth and its drivers. Each of these three drivers were forecasted using a combination of regression analysis, management guidance and industry indicators. Following each driver forecast, revenue YoY growth was determined by summing up Average Yield YoY growth and Volume YoY growth. Appendix K presents in a tabular form the historical and forecasted evolution of revenue growth, each of these three drivers and other variables used to model each driver forecasted evolution. Core price has been in an upward trend since FY16. It has been at high levels since FY22 when inflation peaked in the US. Since FY24, the core price has been lowering yet at high levels in FY25. Since historical core price evolution trend is responsive to CPI inflation, forecasted core price was modelled using a



Source: RSG 10-k Fillings and Author Analysis

Figure 47. *RSG Revenue Growth of Collection, Transfer and Landfill Related Business.*

Table 11. *Regression analysis for core price forecast.*

Independent Variable	Core Price
Constant	0.034*** (0.007)
$CPI\ Inflation_t$	0.128 (0.190)
$CPI\ Inflation_{t-1}$	0.674** (0.180)
N	9
R^2	0.77
$Adjusted\ R^2$	0.70

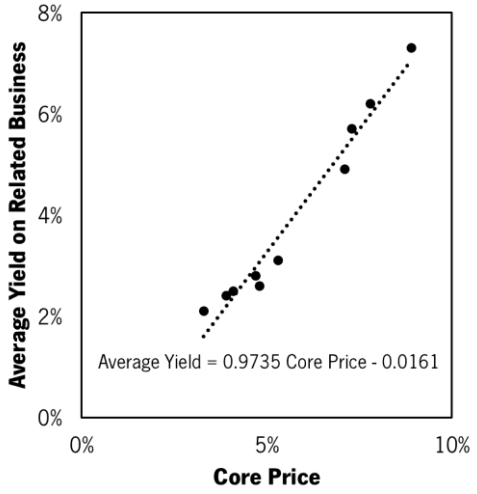


Figure 48. *Regression Analysis to forecast Average Yield.*

Table 12. *Regression analysis for average yield on related business forecast.*

Independent Variable	Average Yield on Related Business
Constant	-0.016** (0.004)
$Core\ Price_t$	0.973*** (0.190)
N	10
R^2	0.97
$Adjusted\ R^2$	0.96

regression analysis as a function of US CPI inflation and lagged CPI inflation. Table 11 summarises the regression analysis for core price modelling. Annual historical data from FY17 to FY25 were used to arrive at the multilinear regression equation to calculate core price. The lagged CPI Inflation variable is high and statistically significant, indicating that core price reacts with a delay to CPI Inflation. The model also includes a positive and significant constant (3.4%), which points to an underlying baseline level of RSG pricing power independent of inflation. To forecast core price between FY26E and FY32E, expectations of annual CPI inflation were needed. CPI Inflation was assumed to remain stable through FY27E before gradually converging to the long-term 2.3% target by FY32E, consistent with the long-run inflation goal of the Federal Reserve. As a result, the core price is expected to gradually decrease as inflation stabilizes.

As noticed in Figure 47, there is a similar trend between core price and average yield historical evolution. Therefore, with the exception of FY26E, average yield was determined based on the regression analysis presented in Figure 48. The sample size spans the considered historical period (FY16 to FY25). As expected, core price drives average yield. According to the regression analysis presented in Table 12, a 1% increase in core price translates into a 0.97% in average yield. This means that most price increases convert in realized revenue. For FY26E the average yield was set to 4.25% in accordance with management guidance (Republic Services Inc., 2026b).

With respect to volume growth, the historical patterns reveal its cyclicality. Revenue growth is dependent on waste generation as well as construction and manufacturing end

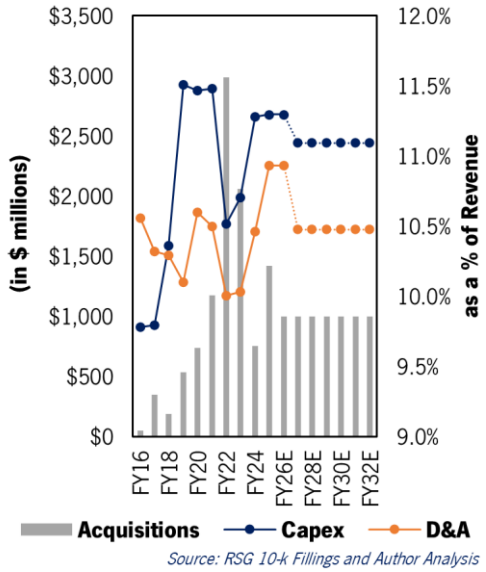
markets activity. For FY26E we assume flat volume growth given management's commentary regarding a soft first semester in construction activity followed by improvements in the second (Republic Services Inc., 2026b). Based on expectations of a continuing Fed easing cycle and more importantly on waste generation and construction market forecasts improvements, we expect a volume growth trend each year, peaking at 5.50% in FY29E and FY30E. The MSW in the US has shown a steady increase over the years. A moderate CAGR of 0.65% has been observed between FY18-FY23 (ReportLinker Research, 2023). The same report suggests a continual rise, with a predicted CAGR of 0.75% over FY24-FY28. Moreover, the large container collection and landfill revenue segments are particularly exposed to construction activity and industrial production. Good signs are expected in the medium-term by industry outlooks supporting our bull-case for volume growth, as reported by TechNavio which projects a CAGR of 5.5% in the North American construction market between FY25-FY29E (Technavio, 2025). Finally, US monetary policy trend of decreasing policy rate is expected to continue in FY26 leading to economy stimulation and boosting economic activity which will strongly contributes to waste generation, collection and disposal demand. Even in an environment of high inflation, high interest rates (FY22-FY24), and trade tariffs uncertainty, RSG performed well delivering an average revenue growth across these segments of 7.42%. Under this framework, related business revenue exhibits: (i) Near-term moderation reflecting volume softness; (ii) Mid-period acceleration as macro conditions normalize and (iii) Long-term convergence toward mid-single-digit organic growth. **ES**:

after years of strong revenue growth, a temporary revenue decline was observed in FY25, driven by macro-related manufacturing weakness and delayed projects, as highlighted in the Q3 earnings call (Republic Services Inc., 2025d). Furthermore, the company guidance justified the overall ES FY25 weakening performance due to an emergency response job in FY24 that did not repeat in FY25 (Republic Services Inc., 2026b). We see FY25 results as a temporary setback, not weakening the long-term ES market positioning of the company. To further strengthen our view, North American construction market is expected to growth at a moderate rate within the next five years, delayed project work sooner or later will be resumed, and the recent historical trend of value creation through acquisitions program will continue in the future enabling the company to gain market share. Therefore, RSG will be able to continue expanding revenue growth in this segment. We model a flat revenue growth in FY26E as macroeconomic condition continue favouring construction market activity. Then, a 600 bps increase between FY27E-FY29E, starting at 6.00%, which stabilizes at an YoY revenue growth of 18.00% between FY29E-FY30E. Afterwards, a YoY decline of 600 bps is projected, as the market matures. It is important to mention that even with the annual YoY higher revenue growth than the traditional MSW management, ES revenue is only projected to increase from 11% in FY25 to 12% in FY32E relative to total revenue, while the core MSW revenue is expected to decline from 84% in FY25 to 83% in FY32E. This analysis highlight that the change toward less traditional revenue streams will be gradual and will take years to be materialized, being the cash flow generation profile well covered by the handling of

traditional MSW. **Recycling Processing & Commodity Sales**: this segment is quite volatile and dependent on recycled commodities market prices. Between FY16-FY25 a CAGR of 0.37% of revenue growth was achieved. RSG newly added polymer centres and 'Blue Polymer' JV will be in fully capacity in FY26. These ongoing investments in recycling circularity position the company well to capitalize on growing demand for environmentally responsible waste management solutions, particularly in polymers circularity. Therefore, we project a steady YoY revenue growth of 4.50%. **Other non-core**: We assume a steady YoY revenue growth of 8.00%, which translates into a CAGR of 6.82%, lower than the historical CAGR of 8.37% (FY16-FY25).

Opex: RSG's operating expenditures are mainly comprised of labour costs, equipment maintenance and fuel costs. Through internal investments in waste-to-energy projects and recycling projects, RSG is slowly but consistently decreasing operating expenses in proportion to revenue from 72% in FY16 to 69% in FY24. We see this trend continuing supported by: (i) ongoing renewable natural gas projects, nine RNG projects initiated operation in FY25, and additional four are expected to be operational by the end of FY26; (ii) ongoing fleet electrification, with more than 180 electric vehicles (EVs), supported by 32 commercial-scale EV charging facilities at the end of FY25; (iii) AI integration, namely in advanced analytics to optimize pricing based on local market dynamics as well as in modernization of 'RISE' digital platform which will translate into higher route-level productivity (Republic Services Inc., 2025b, 2026b). Therefore, we forecast a 50 bps annual reduction in operating expenses as a percentage of revenue, reaching 66.86% in FY30E, which is in line with the company's

expectations of an annualized 0.30% to 0.50% EBTIDA margin expansion per year (Republic Services Inc., 2025d). Afterwards, we assume a flat evolution of operating expenses as a proportion of total revenue until FY32E, which translates into an EBITDA margin for the period FY30E to FY32E of 34.14%.



Source: RSG 10-k Fillings and Author Analysis

Figure 49. *RSG Historical and Forecasted Acquisitions, Capex and D&A as a Function of Revenue.*

Capex: Capital expenditures arise mainly from maintenance and growth sources in areas of Property, Plant and Equipment (PP&E). Figure 49 presents the historical and forecasted capital expenditures, associated D&A, both in % of revenue as well as Acquisitions, in absolute terms. Company guidance is used to forecast capex and D&A in FY26E as of 11.30% and 10.93% of Total Revenue, respectively (Republic Services Inc., 2026b). Afterwards, using the three-year historical average, capital expenditures are forecasted at 11.09% of revenue and D&A at 10.47% of total revenue for the forecasted period (FY27E-FY32E). Capital expenditures are expected to increase from $1,874 million in FY25 to $3,083 million in FY32E, representing a CAGR of 6.79% over the forecast period. Given management guidance to further strengthen their market positioning within the ES business segment as well as the need to comply with stated UN 2030 sustainability goals, we expect RSG to continue their acquisition program within the upcoming years. Appendix L summarizes main historical business acquisitions of recent years. In FY22, acquisitions comprised 22% of revenue due to major US Ecology acquisition. A total of $2,059 million were spent on that year. In FY25, acquisitions represented 8% of Revenue mainly due to the acquisition of COP Shamrock Parent, Inc. However, acquisition spending is quite volatile and in FY24 only $751 million were consumed in acquisition. For FY26E

management guidance of a $1bn acquisition spending was assumed, of which $0.4bn were already deployed (Republic Services Inc., 2026a). Given the volatility of annual acquisition spending, we assume management projection for FY26E will stay constant for the entire forecasted period. With company clearly stating external growth strategy through M&As, we model an approximate 5% of revenue to be spent on acquisitions.

Net Working Capital: Last five years average of days' receivables, days' inventories and days' payables were used to forecast non-cash working capital as a function of revenue for the entire forecasted horizon.

Free Cash Flow to Firm: The 7-year **forecast horizon**, from FY26E to FY32E, balanced a strong FCF improvement (FY27E-FY29E) with convergence toward a steady state by FY32E, as noticed by the FCFF YoY growth presented in Table 13. In this way we were able to incorporate: (i) cash flow generation through business acquisitions and improved market conditions; (ii) unlevered free cash flow growth converging to terminal growth rate. In the **terminal period**, we have used Damodaran approach to calculate PV of Terminal Value. The sustainable terminal growth rate, g, was set to 2.30% in line with Goldman Sachs 2029-2035 US GDP growth rate as AI boosts productivity (Goldman Sachs, 2025). ROIC was assumed to reduce from 15.47% in FY32E to 8.38% in the terminal period, approaching the Environmental & Waste Management Services Industry average cost of capital of 7.88% (Damodaran, 2025b). As a result, the terminal Reinvestment Rate was determined as 27.45%, well below the average 38.68% of the forecasted horizon. An implied share price of $205.28 was determined, leading to a discount to last close price of

Table 13. *FCFF Forecasts.*

(In $ millions)	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E	FY32E	Terminal
NOPAT	$2,969	$3,272	$3,575	$3,954	$4,372	$4,666	$4,892	$5,005
D&A	$1,885	$1,934	$2,099	$2,308	$2,539	$2,755	$2,911	-
Δ in WC	$261	$249	$321	$405	$449	$419	$303	-
Capex	$(1,947)	$(2,048)	$(2,223)	$(2,444)	$(2,689)	$(2,917)	$(3,083)	-
Acq. & Invest.	$(1,224)	$(1,120)	$(1,155)	$(1,196)	$(1,217)	$(1,203)	$(1,146)	-
FCFF	$1,944	$2,287	$2,617	$3,027	$3,454	$3,720	$3,877	$90,249
FCFF YoY growth	75.2%	17.7%	14.4%	15.7%	14.1%	7.7%	4.2%	-

Table 14. *Relative Valuation Output.*

Multiple	Target Price
EV / EBITDA	$ 202.44
P / E	$ 208.13
EV / Revenue	$ 149.02
Target Price	$ 194.03
Premium (Discount) to Last Close	(15.27)%

Table 15. *EV/EBITDA, P/E and EV/Revenue Computation Details.*

Multiple	EV / EBITDA	P / E	EV / Revenue
Industry Median	13.84	28.55	3.50
1Y Forward RSG (...)	$5,541 (EBITDA)	$2,242 (Net Income)	$17,237 (Revenues)
Implied EV	$76,703	-	$60,275
1Y Forward RSG Total Debt	$14,635	-	$14,635
1Y Forward RSG Cash	$192	-	$192
1Y Forward RSG Equity	$62,259	$64,011	$45,831
1Y Forward RSG Shares	308	308	308
Target Price	$202.44	$208.13	$149.02

Table 16. *Peers Forward Looking Multiples.*

Firm	EV/ EBITDA	P/E	EV/ Revenue
RSG	14.99	30.04	4.82
WM	14.35	27.73	4.44
WCN	15.41	29.38	5.14
VIE	6.19	13.50	0.98
GFL	13.95	56.24	4.27
CLH	13.74	33.67	2.73
CWY	8.42	20.42	1.81
Equal Avg.	12.01	30.16	3.23
Median	13.84	28.55	3.50

Source: Refinitiv

10.36%. Full details on FCFF computation are presented in Appendix M.

(ii) Relative Valuation

The relative valuation approach resulted in an implied share price of $194.03, a 15.27% discount on the last close price of $229.00. The relative valuation was not used for the final price calculation but supplements our Hold view on RSG. Table 14 summarizes the relative valuation scheme, while Table 15 presents each multiple computation details. **Comparable Selection:** The adopted methodology to select comparables followed the procedure detailed in Appendix J. A total of six peers were considered as in the bottom-up beta calculation. **Multiple Selection:** We valued RSG using comparable companies' forward-looking valuation multiples offering a balanced perspective using: (i) EV/EBITDA, (ii) Price-to-earnings (P/E), and (iii) EV/Revenues. EV/EBITDA reflects operational performance, while P/E captures profitability factors, and EV/Revenues is used because of the relative stability of the municipal solid waste management revenues in the industry. As noticed in Table 16 and Figure 50, there is a relatively high standard deviation because of one or two outliers. For that reason, the median values were assumed as the industry average, as suggested by Professor Damodaran (Damodaran, 2012). **Valuation:** relative valuation incorporated weightings of 40% for EV/EBITDA, 40% for Price/Earnings and the remaining for the EV/Revenue multiple, capturing the capital-intensive nature and operating performance of the industry as well as the stable earnings profile of RSG. A lower weight on EV/Revenue was assigned because, for RSG, value is primarily driven by stable cash flow generation and

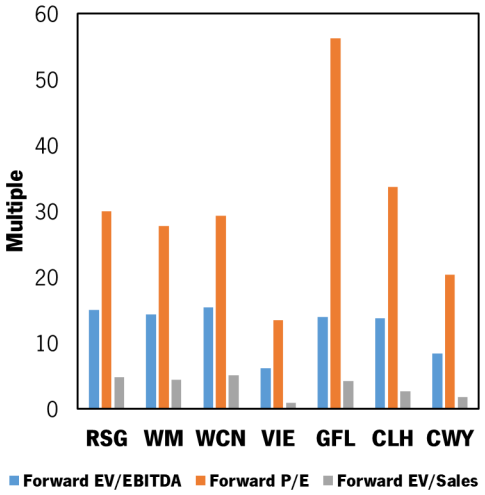


Figure 50. *RSG and Peers Multiples.*

Table 17. *DDM Valuation Output.*

PV Terminal Value	$ 199,632,701
PV Forecast Period	$ 21,419,926
Cost of Equity	6.82%
Implied Share Price	$ 221.05
Premium (Discount) to Last Close	(3.47)%

Table 18. *Sensitivity Analysis.*

		WACC				
		5.32%	5.82%	6.32%	6.82%	7.32%
Growth Rate	1.80%	$268.3	$228.0	$196.7	$171.7	$151.2
	2.05%	$278.3	$234.4	$200.8	$174.2	$152.7
	2.30%	$290.0	$241.6	**$205**	$177.0	$154.3
	2.55%	$303.7	$249.9	$210.3	$180.1	$156.1
	2.80%	$320.0	$259.5	$216.1	$183.5	$158.0

Sell Hold Buy

consistently high margins, making profitability-based metrics more informative than revenue.

(iii) Dividend Discount Model

To support our DCF valuation, we conducted a DDM valuation, which yields a target price of $221.05, implying a 3.47% downside to the last close (Table 17). The dividend model assumes a payout ratio and ROE consistent with financial analysis section. Full details on DDM valuation are presented at Appendix N. A perpetual growth rate of 2.30% was applied as well as a more sustainable terminal ROE of 8%, resulting in a stable payout ratio of 71.25%. Using the cost of equity of 6.82%, the resulting target price corroborates our DCF valuation and further strengthens our **Hold** Recommendation on RSG.

Investment Risks

Valuation | Sensitivity, Scenario Analysis & Monte Carlo Simulation

To assess the valuation robustness, sensitivity and scenario analysis were conducted. **The Sensitivity Analysis** evaluates how changes in WACC and the terminal sustainable growth rate (g) affect the DCF valuation as presented in Table 18. Terminal growth rate assumptions were adjusted in increments of +/- 0.25% to incorporate changes in long-term economic activity, while WACC ranged in increments of +/-0.50%, given the higher sensitivity of valuation outcomes to cost of capital assumptions. As noticed in Table 18, the implied share price is highly sensitive to changes in WACC. Assuming the terminal growth rate of 2.30%, a 0.50% change from base-case WACC of 6.32% implies a +18%/-14% variation in the implied share price; while a terminal growth rate variation

Table 19. *Scenario Analysis Assumptions.*

		FY26E	FY27E	FY28E	FY29E	FY30E	FY31E	FY32E
Base Case	YoY Revenue Growth	3.89%	7.10%	8.54%	9.95%	10.02%	8.51%	5.67%
	Opex in % to Revenue	67.86%	67.36%	66.86%	66.36%	65.86%	65.86%	65.86%
	Acquisitions	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000
Bear Case	YoY Revenue Growth	1.89%	5.10%	6.54%	7.95%	8.02%	6.51%	3.67%
	Opex in % to Revenue	68.11%	67.61%	67.11%	66.61%	66.11%	66.11%	66.11%
	Acquisitions	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500
Bull Case	YoY Revenue Growth	6.39%	9.60%	11.04%	12.45%	12.52%	11.01%	8.17%
	Opex in % to Revenue	67.61%	67.11%	66.61%	66.11%	65.61%	65.61%	65.61%
	Acquisitions	$500	$500	$500	$500	$500	$500	$500

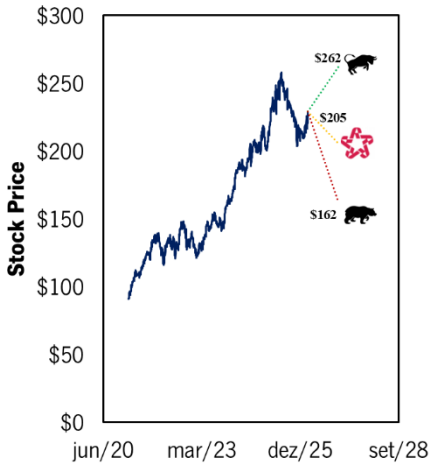


Figure 51. *Scenario Analysis*

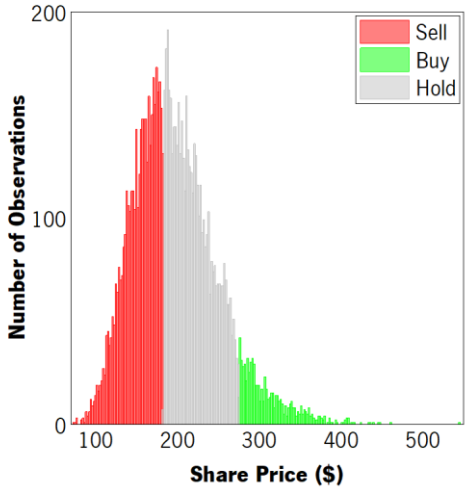


Figure 52. *Monte Carlo Simulation Share Price Output.*

of 0.50% from the base-case WACC of 6.32%, results only in a +5%/-6% variation in the implied share price. It is worth mentioning that irrespective of the terminal growth rate, considering the base-case WACC of 6.32% (and 5.82%) translated into a Hold Recommendation. The sensitivity analysis highlights that the valuation is more sensitive to WACC than for terminal growth rate assumptions. Most of modelled scenarios (48%) result in Hold Recommendations, 36% in a Sell Recommendation and only 16% in a Buy Recommendation.

A **Scenario Analysis** was also conducted to assess the impact of deviations from base-case assumptions, while keeping WACC and terminal growth unchanged. Table 19 summarizes main assumption. Full details on the rationale used are presented at Appendix O. This analysis focuses on variations in RSG's profitability profile driven by: (i) stronger or weaker macroeconomic conditions and geopolitical uncertainty affecting construction activity, recycled materials prices and fuel costs; and (ii) management's ability to improve operational margins. Given Acquisition spending importance in FCFF, it was also modelled as a dependent variable for the scenario analysis. Under these alternative assumptions, the bull case yields an implied share price of $262.11, while the bear case results in $161.93. These outcomes change the investment recommendation from Hold to Sell in the Bear-case scenario (Figure 51).

To further test the robustness of our valuation, a **Monte Carlo Simulation** was conducted. A total of 21 variables were modified. Appendix P summarizes the variables assumptions. From the output analysis presented in Figure 52, we get a mean value of $197.97, which supports our

Table 20. *Monte Carlo Simulation Summary Statistics.*

Summary Statistics	
Minimum	$73.35
Maximum	$544.33
Mean	$197.97
Median	$190.62
Std. Dev.	53.09
Skewness	0.86
Kurtosis	1.20
Iterations	10,000

Table 21. *Monte Carlo Simulation Output Price Percentiles.*

Percentile	Output Price ($)
25%	$160.52
50%	$190.62
75%	$227.29
99%	$363.20

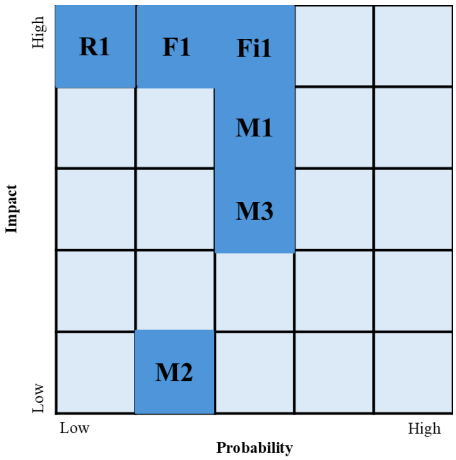


Figure 53. *Risk Matrix.*

Hold Recommendation. The Monte Carlo Simulation yields a 50% Hold Recommendation probability and a 43% probability for a Sell Recommendation to be issued. Even though the simulation exhibits a positive right skewness of 0.86 (Table 20), the simulation confirms a low probability of upside at current levels. In over 75% of simulated scenarios, the implied share price fails to justify the current market price, as indicated by Table 21.

The likelihood and potential impact of the investment risks are presented in Figure 53.

[M1] Market Risk | Recession fears threat volume demand

US trade policy and tariff-related uncertainty contributed to reinforced recession concerns in FY25. In April 2025, J.P. Morgan estimated a 60% probability of a global economic recession (Siddarth, 2025). Even though a recession did not materialized during FY25; persistent inflationary pressures and potential upward shocks (J. P. Morgan Asset Management, 2025) could reduce or delay construction activity. A contraction in consumer spending would likely translate into lower waste generation volumes. Furthermore, RSG's business model relies on a relatively aggressive pricing strategy. In a recessionary environment, this could negatively affect contract renewals and pricing negotiations, ultimately pressuring cash flow generation. **Valuation Impact:** sensitivity analysis indicates that a 1% increase in WACC would reduce FCFF leading to an implied target price to $168.97, representing an 18% decline from the base-case valuation. **Mitigation:** although affected by a recessionary environment, waste management industry would be less affected than cyclical industries. Clients

would need their waste recycled even with economic recession conditions. Additionally, several major investment banks have recently adopted more optimistic outlooks with respect to the likelihood of a US recession in FY26 (Cohan, 2025). Hence, we assign this risk a moderate probability of occurrence, with a moderate impact.

[M2] Market Risk | Volatility in Recycled Commodity Prices

Demand for recycled materials is particularly susceptible to market prices volatility of recyclables, which is driven by macroeconomic conditions, regulatory changes, and global supply-demand dynamics. Average market prices for single-stream recycled commodities declined 40% YoY in FY23, followed by a 50% increase in FY24. These fluctuations were driven by geopolitical tensions, shifts in consumer behaviour, and overall economic uncertainty, making financial forecasting particularly challenging (MarketMinute, 2025). In a recessionary scenario, demand for recycled commodities such as OCC, metals, and plastics would likely decline, while regulatory initiatives promoting circularity could partially offset this effect by stimulating demand. **Valuation Impact:** despite recent investments in polymer recycling facilities, the Recycling Processing & Commodity Sales subsegment accounted for only 2.61% of total revenue in FY25. As a result, short-term volatility in recycled commodity prices is not expected to materially affect overall revenue. We conducted a sensitivity analysis to assess its implications as presented in Table 22. Implied share price is barely affected by a +/- 6% variation of the YoY revenue growth of the Recycling Processing & Commodity Sales subsegment. **Mitigation:** We therefore

Table 22. *Implied Share Price Sensitivity to Forecasted YoY Revenue Growth of Recycling Processing & Commodity Sales Subsegment.*

YoY Revenue Growth of Recycling Processing & Commodity Sales	Share Price ($)
-2.50%	$203.17
0.50%	$203.98
2.50%	$204.59
4.50%	$205.28
6.50%	$206.05
8.50%	$206.90
10.50%	$207.84

assess this risk as having a low probability with a low impact. Supporting this view, recovered paper prices are expected to stabilize around $150 per ton in the near term (Geetanshi, 2025), the recycled metals market is projected to grow at a 4.90% CAGR through 2035 (Future Market Insights, 2025), and plastic packaging solutions are forecast to grow at a 5.55% CAGR through 2034 (Precedence Research, 2025). Due to the positive medium-term outlook for recycled commodities market, we have forecasted an YoY revenue growth of 4.50% for the corresponding business subsegment.

[M3] Market Risk | Operating Margin Sensitivity to Fuel Price Fluctuations

Increases in diesel fuel prices would raise operational costs and negatively affect operating margins. **Valuation Impact:** we have conducted a sensitivity analysis by changing EBITDA margins over the forecasted period. Table 23 summarizes the assumptions used for each scenario. Scenario 3 is the base-case scenario used for DCF valuation. The other scenarios comprise margins expansions and compressions of 0.50% relative to the base-case. Table 24 presents the implied share price variation in accordance with the respective modelled scenarios. A Sell Recommendation is issued for the worst scenario (Scenario 5). **Mitigation:** Fuel expenses accounted for approximately 5% of total operating costs in FY25, representing a 100 bps decline compared to FY23. This reduction was primarily driven by a 10% decrease in average diesel prices during FY24 (U.S. Department of Transportation, Bureau of Transportation Statistics, 2025). According to the US EIA, crude oil spot prices are expected to decline further to approximately $55 per barrel by FY26

Table 23. *Scenarios Assumptions for Implied Share Price Sensitivity to Operating Margins.*

	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E	FY32E
	Scenario 1						
Opex in % to Revenue	65.86%	65.36%	64.86%	64.36%	63.86%	63.86%	63.86%
	Scenario 2						
Opex in % to Revenue	66.86%	66.36%	65.86%	65.36%	64.86%	64.86%	64.86%
	Scenario 3: Base-Case						
Opex in % to Revenue	67.86%	67.36%	66.86%	66.36%	65.86%	65.86%	65.86%
	Scenario 4						
Opex in % to Revenue	68.86%	68.36%	67.86%	67.36%	66.86%	66.86%	66.86%
	Scenario 5						
Opex in % to Revenue	69.86%	69.36%	68.86%	68.36%	67.86%	67.86%	67.86%

Table 24. *Implied Share Price Sensitivity to Forecasted Cost of Revenue & Operating Expenses Assumptions.*

Scenario	Share Price ($)
1	$228.88
2	$217.08
3	$205.28
4	$193.48
5	$181.68

(U.S. Energy Information Administration, 2025). However, geopolitical tensions, particularly involving US – Venezuela relations, could apply upward pressure on fuel prices. As a result, this risk is assessed as having a moderate probability of occurrence with a moderate impact.

[F1] Financial Risk | Interest Rate and Credit Risk with High Valuation Impact

RSG maintains a significant debt position to finance both its acquisition program and capital expenditures. Rising interest rates or a potential credit rating downgrade could increase borrowing costs, thereby pressuring cash flows and reducing financial flexibility. Higher financing costs could also delay or limit investments in sustainability and environmental initiatives. Additionally, higher interest rates tend to slowdown economic activity, reducing industrial and commercial waste volumes, particularly from manufacturing and construction sectors. Municipalities and corporate clients facing increased borrowing costs may seek contract renegotiations, which could adversely affect RSG's revenue stability. Shareholders could also be affected through changes to dividend policy or reductions in stock buybacks. **Valuation Impact:** sensitivity analysis highlights the material downside risk associated with higher costs of capital. Assuming a terminal growth rate of 2.3%, a 100 bps increase in WACC would result in an 18% decline in the implied share price. **Mitigation:** We assign a moderate probability of occurrence. On one hand, the Federal Reserve initiated a monetary easing cycle in FY25, which is expected to continue into FY26. On the other hand, RSG's acquisition-driven strategy has increased leverage over the past four years, and any deterioration in cash flow or credit ratings could significantly weaken the firm's

financial position. Therefore, we project a high impact.

[Fi1] Firm Risk | Acquisition-Driven Growth Strategy and Execution Risk

Over the past five years, RSG has invested approximately $8,392 million in acquisitions. Particularly, the US Ecology acquisition for $2,200M expanded the company beyond conventional municipal solid waste management into specialized environmental solutions. More recently, the acquisition of Shamrock Parent consolidated RSG's focus on hazardous and non-hazardous industrial waste management. Until FY24, the acquisition strategy has delivered solid revenue growth, margin expansion, and strong cash flow generation. However, FY25 performance was weaker, highlighting the inherent risks associated with acquisition-led growth. Key risks include: (i) Integration Challenges: merging businesses may result in misalignments, operational disruptions, and unsuccessful synergies. (ii) regulatory and compliance Risk: heavily regulated nature of the waste management industry leading to challenges in maintaining compliance, with potential legal and reputational consequences. (iii) environmental liability risk: acquired waste management companies may expose RSG to unforeseen remediation costs and legal obligations. (iv) macroeconomic and market risk: economic downturns may damage profitability of acquired businesses. **Mitigation:** RSG has historically demonstrated strong execution abilities in integrating businesses and realizing operational synergies with acquired firms. Nevertheless, given the scale and frequency of acquisitions, we assess this risk as having a moderate probability of occurrence with a high impact.

[R1] Regulatory Risk | Environmental Regulation and Transition Risk

Increasing environmental awareness and tightening regulations are encouraging waste reduction, recycling, and circular economy solutions. While regulation strengthens barriers to entry, evolving environmental standards may materially increase compliance costs or constrain existing business lines. Stricter regulations could require significant capital expenditures to upgrade facilities and/or processes. Failure to comply may result in legal penalties and reputational damage. **Landfill operations,** in particular, face pressure from policies restricting the disposal of certain materials. Reduced landfill volumes may limit pricing power and require RSG to invest in alternative, higher-cost waste processing technologies. Furthermore, renewable energy generated from landfill gas is subject to regulatory oversight, contributing to price volatility. **Carbon taxation** and emissions regulations may increase operating costs and accelerate the transition toward electric or hydrogen-powered fleets, potentially impairing prior investments in natural gas vehicles. **Waste export restrictions** also present a risk. Increased tariffs or trade barriers could disrupt recycling export flows, particularly between the US and Canada, negatively affecting supply-demand dynamics and profitability withing recycling segment. **Mitigation:** given the current US administration's relatively stable stance on environmental regulation, we assign a low probability of occurrence with a high impact.

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Appendices

Appendix A. Annotated Share Price History

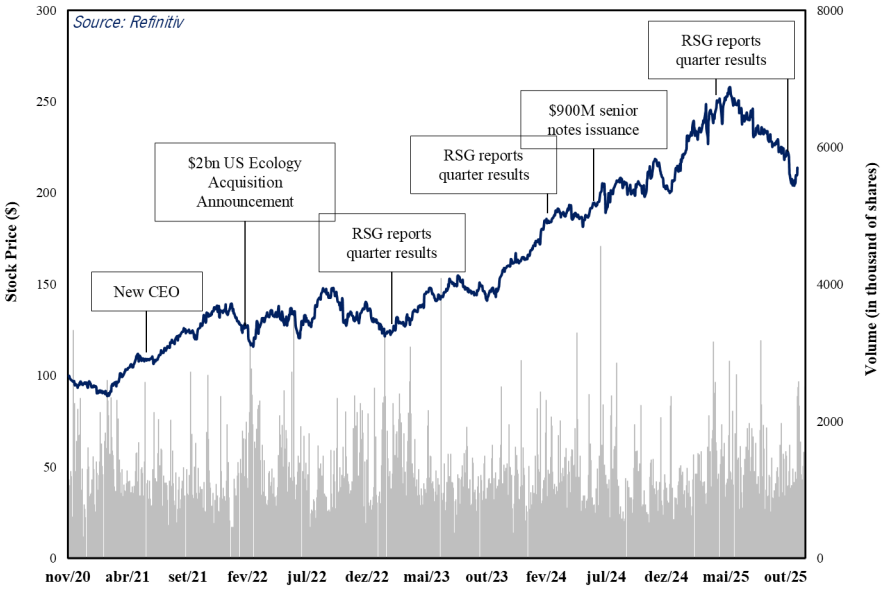


FIGURE A. ANNOTATED SHARE PRICE HISTORY.

Appendix B. Porter's Five Forces Analysis

TABLE B. PORTER'S FIVE FORCES ANALYSIS

		Impact	Rating
Industry Rivalry	Competitive intensity depends on market growth rate, differentiation, customer loyalty, and the number of competitors. If the market is saturated with undifferentiated products and aggressive pricing, rivalry intensifies. Republic Services Inc. can navigate this by enhancing customer relationships, expanding into niche segments, and leveraging technological innovation.	**High**	**4**
Threat of New Entrants	New players face significant barriers to entry, including high capital investment, regulatory challenges, brand loyalty and reputation, and distribution network limitations. Despite the current low threat level on this topic, Republic Services Inc. can mitigate risks by strengthening brand loyalty, securing distribution channels, and investing in R&D for service differentiation.	**Medium**	**3**
Bargaining Power of Suppliers	Suppliers hold power when they are concentrated, offer unique products, or can integrate forward into waste management services. Republic Services Inc. can reduce dependency by diversifying suppliers, securing long-term contracts, and exploring alternative production methods.	**Medium**	**3**
Bargaining Power of Buyers	Customers gain leverage when they are price-sensitive, informed, or purchase in bulk. To mitigate this, Republic Services Inc. should expand its customer base, introduce differentiated services, and build brand loyalty through superior customer experience.	**High**	**4**
Threat of Substitutes	Alternative waste management solutions could pose risks if they offer lower costs, superior performance, or easier accessibility. However, Republic Services Inc. can counter this by emphasizing service quality, raising switching costs through customer engagement, and maximizing value for money to discourage customers from shifting to substitutes.	**Low**	**2**

Appendix C. SWOT Analysis

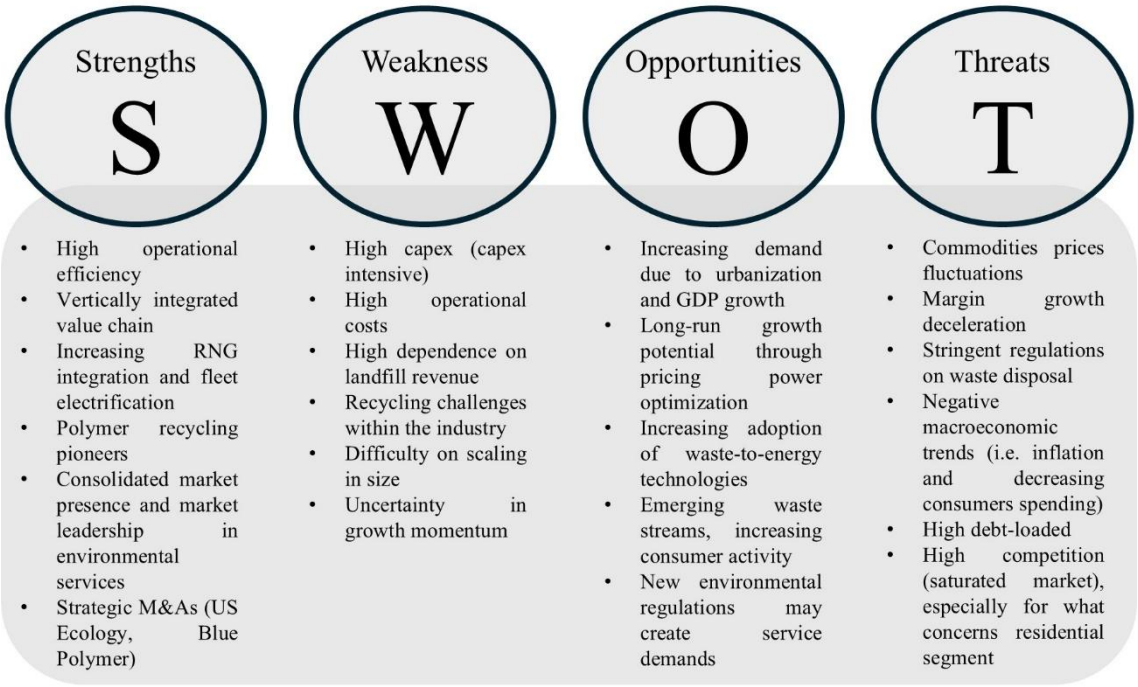


FIGURE C. ANNOTATED SHARE PRICE HISTORY

Appendix D. Officers Composition

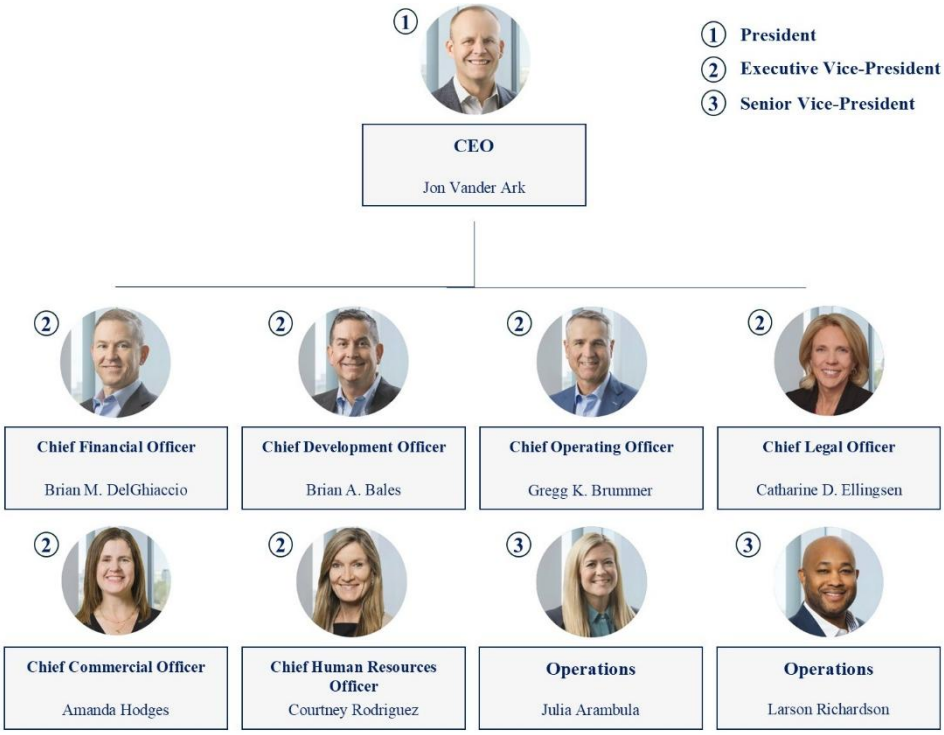


FIGURE D. EXECUTIVE OFFICERS COMPOSITION

TABLE D. EXECUTIVE OFFICERS COMPOSITION AND RELATED INFORMATION

Name	Age	Appointed	Education	Salary ($)	Other ($)	Total ($)	Num. of Shares	Ownership
Jon Vander Ark	49	2021	BA Calvin University) J.D. Law (Harvard University)	1,200,000	11,815,936	12,977,475	103,062	0.033 %
Brian M. DelGhiaccio	52	2020	BsC Accounting and Finance (University of Arizona)	681,200	3,492,843	4,174,043	16,600	0.0054%
Brian A. Bales	62	2015	BsC Business Administration (University of Tennessee)	545,900	1,942,549	2,488,449	21,000	0.0068%
Gregg K. Brummer	59	2023	BsC Business Administration (University of Iowa)	660,000	2,692,486	3,352,486	4,400	0.0014%
Catharine D. Ellingsen	61	2016	BA (Wheaton College Massachusetts) J.D. Law (The American University	615,000	2,546,400	3,161,400	46,300	0.015%
Amanda Hodges	52	2024	BsC Chemical Engineering (Virginia Tech) MBA (Harvard University)	N/d	N/d	N/d	11,100	0.0036%
Courtney Rodriguez	51	2023	MPA (Texas McCombs School of Business)	N/d	N/d	N/d	3,000	0.00096%
Julia Arambula	47	2024	BS Grove City College)	N/d	N/d	N/d	8,300	0.0027%
Larson Richardson	45	2023	BA (North Carolina Central University) MBA (Wesleyan College)	N/d	N/d	N/d	N/d	N/d

Appendix E. Board of Directors

TABLE E. BOARD OF DIRECTORS COMPOSITION AND RELATED INFORMATION.

Name	Age	Position	Member Since	Work Experience	Ind.	Comittes
Manny Kadre	59	Chairmain	2014	CEO of Kollective Auto Group; CEO of Gold Coast Caribbean Importers	yes	-
Michael A. Duffy	55	Member	2020	CEO of OnTrac; CEO of FleetPride, Inc.; CEO of C&S Wholesale Grocers, Inc.	yes	Audit; Sustainability & Corporate Responsibility
Thomas W. Handley	70	Member	2016	COO of Cascade Asset Management and Ecolab Inc.	yes	Talent & Compensation (Chair); Nominating & Corporate Governance
Jennifer M. Kirk	50	Member	2016	CEO of Exubrion Therapeutics; CAO of Medtronic plc and Occidental Petroleum Corp.	yes	Audit Committee (Chair); Nominating & Corporate Governance
Michael Larson	65	Member	2019	CIO of William H. Gates III;	yes	Nominating & Corporate Governance (Chair); Finance; Talent & Compensation
Norman Thomas Linebarger	62	Member	2024	CEO of General Catalyst and Cummins Inc	yes	Audit; Sustainability & Corporate Responsibility
Meg Reynolds	60	Member	2023	Portfolio manager of Fidelity Investments	yes	Audit; Sustainability & Corporate Responsibility
James P. Snee	58	Member	2018	CEO of Hormel Foods Corp.	yes	Finance (Chair); Nominating & Corporate Governance; Talent & Compensation
Brian S. Tyler	58	Member	2021	CEO of McKesson Corp.	yes	Finance; Sustainability & Corporate Responsibility; Talent & Compensation
Jon Vander Ark	49	CEO	2021	Associate principal of McKinsey & Company	no	-
Sandra M. Volpe	57	Member	2016	Vice-President of FedEx Ground and Lender's Service, Inc.	yes	Sustainability & Corporate Responsibility (Chair); Finance; Nominating & Corporate Governance
Katharine B. Weymouth	58	Member	2018	COO of FamilyCare CEO of The Washington Post	yes	Audit; Finance; Talent & Compensation

Appendix F. Standardized Income Statement and Forecast Assumptions

TABLE F. FINANCIAL METRICS.

	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E	FY32E
EBITDA Margin	29.10%	29.68%	31.24%	31.64%	32.14%	32.64%	33.14%	33.64%	34.14%	34.14%	34.14%
Net Proft Margin	11.01%	11.57%	12.74%	12.89%	13.01%	13.96%	14.43%	14.94%	15.43%	15.46%	15.43%
ROE	17.47%	17.17%	19.74%	18.79%	19.17%	20.86%	22.06%	23.55%	25.05%	25.68%	25.83%
ROA	9.62%	9.83%	11.44%	10.94%	11.01%	12.02%	12.89%	14.04%	15.31%	16.11%	16.49%
Current Ratio	0.70	0.56	0.58	0.64	0.64	0.82	1.03	1.26	1.49	1.68	1.78
Quick Ratio	0.54	0.45	0.46	0.50	0.55	0.73	0.94	1.17	1.40	1.58	1.69
Cash Ratio	0.04	0.03	0.02	0.02	0.04	0.23	0.44	0.66	0.89	1.07	1.18
Operating CF Ratio	1.06	0.97	1.08	1.24	1.23	1.25	1.28	1.31	1.33	1.32	1.30
Days' Receivables	48.79	46.54	44.96	44.62	45.37	45.37	45.37	45.37	45.37	45.37	45.37
Days' Inventories	2.61	2.39	2.23	2.33	2.32	2.32	2.32	2.32	2.32	2.32	2.32
Days' Payables	55.81	57.37	52.02	51.44	53.61	53.61	53.61	53.61	53.61	53.61	53.61
NTC	-4.41	-8.44	-4.83	-4.49	-5.92	-5.92	-5.92	-5.92	-5.92	-5.92	-5.92
Debt-to-Equity Ratio	125%	124%	114%	115%	118%	118%	118%	118%	118%	118%	118%
Debt-to-Assets Ratio	42%	42%	40%	40%	41%	41%	41%	41%	41%	41%	41%
Interest Coverage Ratio	6.52	5.79	6.18	5.99	6.26	6.61	6.87	7.20	7.52	7.57	7.47
Debt-to-EBITDA Ratio	3.07	2.94	2.59	2.63	2.64	2.59	2.52	2.43	2.35	2.32	2.31
Payout Ratio	39.86%	36.86%	33.63%	34.50%	34.30%	32.23%	31.87%	31.91%	32.83%	36.20%	42.18%

Notes:

$$EBITDA\ Margin\ [\%] = \frac{EBITDA}{Revenue} \tag{F.1}$$

$$Net\ Profit\ Margin\ [\%] = \frac{Net\ Income}{Revenue} \tag{F.2}$$

$$ROE\ [\%] = ROA\ \times Financial\ Leverage\ Gain \tag{F.3}$$

$$ROA\ [\%] = \frac{NOPAT}{Revenue} \times \frac{Revenue}{Operating\ Assets} \tag{F.4}$$

$$Current\ Ratio = \frac{Current\ Assets}{Current\ Liabilities} \tag{F.5}$$

$$Quick\ Ratio = \frac{Cash\ \&\ Cash\ Equivalents + Trade\ Receivables}{Current\ Liabilities} \tag{F.6}$$

$$Cash\ Ratio = \frac{Cash\ \&\ Cash\ Equivalents}{Current\ Liabilities} \tag{F.7}$$

$$Operating\ CF\ Ratio = \frac{CF\ from\ Operating\ Activities}{Current\ Liabilities} \tag{F.8}$$

$$Days'Receivables = \frac{Trade\ Receivables}{Revenue} \times 365 \quad \text{(F.9)}$$

$$Days'Inventories = \frac{Inventories}{Revenue} \times 365 \quad \text{(F.10)}$$

$$Days'Payables = \frac{Accounts\ Payables}{Revenue} \times 365 \quad \text{(F.11)}$$

$$NTC = \frac{Days'Receivables + Days'Inventories - Days'Payables}{Revenue} \times 365 \quad \text{(F.12)}$$

$$Debt - to - Equity\ Ratio = \frac{Short\ term\ Debt + Long\ term\ Debt}{Total\ Equity} \quad \text{(F.13)}$$

$$Debt - to - Assets\ Ratio = \frac{Short\ term\ Debt + Long\ term\ Debt}{Total\ Assets} \quad \text{(F.14)}$$

$$Interest\ Coverage\ Ratio = \frac{EBIT}{Interest\ Expense} \quad \text{(F.15)}$$

$$Debt - to - EBITDA\ Ratio = \frac{Short\ term\ Debt + Long\ term\ Debt}{EBITDA} \quad \text{(F.16)}$$

$$Payout\ Ratio = \frac{Cash\ Dividends\ Paid}{Net\ Income} \quad \text{(F.17)}$$

Appendix G. Standardized and Common Size Financial Statements

TABLE G.1. STANDARDIZED INCOME STATEMENT

($ millions)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E	FY32E
Revenue	$13,511	$14,965	$16,032	$16,591	$17,237	$18,461	$20,038	$22,032	$24,239	$26,301	$27,791
Cost of Revenue & Operating Expenses	$13,511	$14,965	$16,032	$16,591	$11,696	$12,434	$13,397	$14,619	$15,963	$17,321	$18,302
EBITDA	$3,931	$4,442	$5,008	$5,250	$5,541	$6,026	$6,641	$7,412	$8,276	$8,980	$9,489
D&A	$1,352	$1,501	$1,677	$1,814	$1,885	$1,934	$2,099	$2,308	$2,539	$2,755	$2,911
EBIT	$2,579	$2,941	$3,331	$3,436	$3,656	$4,093	$4,542	$5,105	$5,737	$6,225	$6,578
Interest Expense, net	$392	$502	$530	$566	$584	$619	$661	$709	$763	$823	$18,302
Other Financial Income (Expense)	($249)	($189)	($361)	($277)	($304)	($325)	($348)	($375)	($404)	($433)	($457)
Unusual Income (Expense)	($106)	($60)	($8)	$1	$0	$0	$0	$0	$0	$0	$0
EBT	$1,832	$2,191	$2,432	$2,594	$2,768	$3,148	$3,533	$4,021	$4,570	$4,970	$5,241
Income Taxes	$344	$460	$388	$455	$526	$572	$642	$730	$830	$903	$952
After-Tax Profit	$1,488	$1,731	$2,044	$2,139	$2,242	$2,577	$2,891	$3,291	$3,740	$4,067	$4,289
Minority Interest	$0	$0	$1	$0	$0	$0	$0	$0	$0	$0	$0
Net Income	$1,488	$1,731	$2,043	$2,139	$2,242	$2,577	$2,891	$3,291	$3,740	$4,067	$4,289
Dividends	$593	$638	$687	$738	$769	$830	$922	$1,050	$1,228	$1,472	$1,809
EPS	$5	$5	$6	$7	$7	$8	$10	$11	$12	$14	$15

TABLE G.2. COMMON SIZE INCOME STATEMENT

	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E	FY32E
Revenue	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Cost of Revenue & Operating Expenses	70%	71%	70%	69%	68%	68%	67%	67%	66%	66%	66%
EBITDA	30%	29%	30%	31%	32%	32%	33%	33%	34%	34%	34%
D&A	10%	10%	10%	10%	11%	11%	10%	10%	10%	10%	10%
EBIT	19%	19%	20%	21%	21%	21%	22%	23%	23%	24%	24%
Interest Expense, net	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Other Financial Income (Expense)	-2%	-2%	-1%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%
Unusual Income (Expense)	0%	-1%	0%	0%	0%	0%	0%	0%	0%	0%	0%
EBT	14%	14%	15%	15%	16%	16%	17%	18%	18%	19%	19%
Income Taxes	3%	3%	3%	2%	3%	3%	3%	3%	3%	3%	3%
After-Tax Profit	11%	11%	12%	13%	13%	13%	14%	14%	15%	15%	15%
Minority Interest	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Net Income	11%	11%	12%	13%	13%	13%	14%	14%	15%	15%	15%
Dividends	5%	4%	4%	4%	4%	4%	4%	5%	5%	5%	6%

TABLE G.3. STANDARDIZED BALANCE SHEET

($ millions)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E	FY32E
Assets	$29,053	$31,409	$32,402	$34,366	$35,778	$38,093	$40,793	$43,942	$47,422	$50,776	$53,485
Current Assets	$2,357	$2,380	$2,406	$2,523	$2,734	$3,763	$5,118	$6,850	$8,870	$10,772	$12,101
Cash & Cash Equivalents	$143	$140	$74	$76	$192	$1,041	$2,163	$3,601	$5,296	$6,894	$8,002
Trade Receivables	$1,806	$1,908	$1,975	$2,028	$2,143	$2,295	$2,491	$2,739	$3,013	$3,269	$3,455
Inventories	$97	$98	$98	$106	$109	$117	$127	$140	$154	$167	$176
Derivatives	$0	$4	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other Current Assets	$311	$230	$259	$313	$290	$310	$337	$370	$407	$442	$467
Non-Current Assets	$26,696	$29,029	$29,996	$31,843	$33,045	$34,331	$35,676	$37,092	$38,552	$40,004	$41,385
PP&E	$11,019	$11,589	$12,109	$12,847	$12,909	$13,023	$13,147	$13,283	$13,433	$13,596	$13,767
Intangible Assets	$14,799	$16,330	$16,528	$17,370	$18,328	$19,371	$20,428	$21,498	$22,577	$23,650	$24,703
Goodwill	$14,452	$15,834	$15,982	$16,715	$17,715	$18,715	$19,715	$20,715	$21,715	$22,715	$23,715
Other Intangible Assets	$347	$496	$546	$655	$613	$656	$713	$783	$862	$935	$988
Derivatives	$106	$74	$55	$32	$0	$0	$0	$0	$0	$0	$0
Investments	$281	$469	$637	$815	$1,081	$1,158	$1,257	$1,382	$1,520	$1,650	$1,743
Other Non-Current Assets	$491	$566	$667	$779	$726	$778	$844	$928	$1,021	$1,108	$1,171
Equity & Liabilities	$29,053	$31,410	$32,402	$34,366	$35,778	$38,093	$40,793	$43,942	$47,422	$50,776	$53,485
Liabilities	$19,366	$20,867	$20,995	$22,397	$23,337	$24,809	$26,553	$28,614	$30,894	$33,079	$34,812
Current Liabilities	$3,391	$4,228	$4,128	$3,928	$4,277	$4,578	$4,956	$5,424	$5,942	$6,429	$6,791
Accounts Payables	$2,066	$2,352	$2,285	$2,338	$2,532	$2,711	$2,943	$3,236	$3,560	$3,863	$4,082
Short-term Debt	$514	$987	$917	$644	$945	$1,009	$1,081	$1,164	$1,255	$1,344	$1,418
Payable Dividends	$156	$168	$181	$193	$0	$0	$0	$0	$0	$0	$0
Derivatives	$0	$8	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other Current Liabilities	$655	$712	$745	$753	$801	$858	$931	$1,024	$1,127	$1,222	$1,292
Non-Current Liabilities	$15,975	$16,639	$16,867	$18,469	$19,059	$20,231	$21,597	$23,191	$24,952	$26,650	$28,021
Long-term Debt	$11,568	$12,082	$12,040	$13,162	$13,691	$14,618	$15,670	$16,866	$18,187	$19,473	$20,547
Derivatives	$100	$71	$72	$46	$46	$46	$46	$46	$46	$46	$46
Deferred Income Tax	$1,529	$1,527	$1,594	$1,884	$1,884	$1,884	$1,884	$1,884	$1,884	$1,884	$1,884
Other Non-Current Liabilities	$2,779	$2,959	$3,161	$3,377	$3,438	$3,683	$3,997	$4,395	$4,835	$5,247	$5,544
Equity	$9,687	$10,543	$11,407	$11,969	$12,442	$13,285	$14,241	$15,327	$16,528	$17,697	$18,673
Additional Paid-In Capital	$2,846	$2,904	$1,770	$1,836	$1,836	$1,836	$1,836	$1,836	$1,836	$1,836	$1,836
Retained Earnings	$7,356	$8,434	$9,774	$11,161	$12,634	$14,380	$16,350	$18,590	$21,102	$23,697	$26,177
Treasury Stock	-$505	-$784	-$113	-$1,000	-$2,000	-$2,903	-$3,917	-$5,071	-$6,382	-$7,808	-$9,312
Accumulated Comprehensive Income	-$12	-$12	-$26	-$29	-$29	-$29	-$29	-$29	-$29	-$29	-$29
Minority Interests	$1	$1	$2	$1	$1	$1	$1	$1	$1	$1	$1

TABLE G.4. COMMON SIZE BALANCE SHEET

	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E	FY32E
Assets	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Current Assets	8%	8%	7%	7%	8%	10%	13%	16%	19%	21%	23%
Cash & Cash Equivalents	0%	0%	0%	0%	1%	3%	5%	8%	11%	14%	15%
Trade Receivables	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Inventories	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Derivatives	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Other Current Assets	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Non-Current Assets	92%	92%	93%	93%	92%	90%	87%	84%	81%	79%	77%
PP&E	38%	37%	37%	37%	36%	34%	32%	30%	28%	27%	26%
Intangible Assets	51%	52%	51%	51%	51%	51%	50%	49%	48%	47%	46%
Goodwill	50%	50%	49%	49%	50%	49%	48%	47%	46%	45%	44%
Other Intangible Assets	1%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Derivatives	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Investments	1%	1%	2%	2%	3%	3%	3%	3%	3%	3%	3%
Other Non-Current Assets	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Equity & Liabilities	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Liabilities	67%	66%	65%	65%	65%	65%	65%	65%	65%	65%	65%
Current Liabilities	12%	13%	13%	11%	12%	12%	12%	12%	13%	13%	13%
Accounts Payables	7%	7%	7%	7%	7%	7%	7%	7%	8%	8%	8%
Short-term Debt	2%	3%	3%	2%	3%	3%	3%	3%	3%	3%	3%
Payable Dividends	1%	1%	1%	1%	0%	0%	0%	0%	0%	0%	0%
Derivatives	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Other Current Liabilities	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Non-Current Liabilities	55%	53%	52%	54%	53%	53%	53%	53%	53%	52%	52%
Long-term Debt	40%	38%	37%	38%	38%	38%	38%	38%	38%	38%	38%
Derivatives	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Deferred Income Tax	5%	5%	5%	5%	5%	5%	5%	4%	4%	4%	4%
Other Non-Current Liabilities	10%	9%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Equity	33%	34%	35%	35%	35%	35%	35%	35%	35%	35%	35%
Additional Paid-In Capital	10%	9%	5%	5%	5%	5%	5%	4%	4%	4%	3%
Retained Earnings	25%	27%	30%	32%	35%	38%	40%	42%	44%	47%	49%
Treasury Stock	-2%	-2%	0%	-3%	-6%	-8%	-10%	-12%	-13%	-15%	-17%
Accumulated Comprehensive Income	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Minority Interests	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

TABLE G.5. STANDARDIZED CASH FLOW STATEMENT

($ millions)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E	FY32E
Cash provided by operating activities	$3,583	$4,120	$4,466	$4,862	$5,276	$5,703	$6,320	$7,087	$7,895	$8,497	$8,840
Consolidated Net Income	$1,488	$1,731	$2,044	$2,139	$2,242	$2,577	$2,891	$3,291	$3,740	$4,067	$4,289
D&A	$1,442	$1,599	$1,784	$1,928	$1,885	$1,934	$2,099	$2,308	$2,539	$2,755	$2,911
Deferred Income Taxes	$181	$102	$87	$269	$0	$0	$0	$0	$0	$0	$0
Interest Expense, net	$392	$502	$530	$566	$584	$619	$661	$709	$763	$823	$881
Other	$312	$274	$375	$319	$304	$325	$348	$375	$404	$433	$457
Working Capital Assets	-$283	-$101	-$247	-$261	-$118	-$160	-$206	-$261	-$288	-$269	-$195
Working Capital Payables	$106	$83	-$27	-$14	$194	$180	$232	$293	$324	$303	$219
Other Current Assets/Liabilities	-$55	-$70	-$80	-$84	$72	$36	$47	$59	$66	$61	$44
Other Non-Current Assets/ Liabilities		Not directly reported			$114	$193	$248	$314	$347	$324	$234
Cash provided by investing activities	-$4,423	-$3,667	-$2,561	-$3,313	-$3,171	-$3,168	-$3,378	-$3,640	-$3,906	-$4,120	-$4,229
Total Capital Expenditures, net	-$1,421	-$1,602	-$1,808	-$1,874	-$1,947	-$2,048	-$2,223	-$2,444	-$2,689	-$2,917	-$3,083
Acquisition & Disposal of Business, net	-$2,988	-$2,059	-$751	-$1,419	-$1,000	-$1,000	-$1,000	-$1,000	-$1,000	-$1,000	-$1,000
Other	-$14	-$6	-$2	-$20	-$224	-$120	-$155	-$196	-$217	-$203	-$146
Cash provided by financing activities	$952	-$440	-$1,928	-$1,504	-$1,989	-$1,687	-$1,820	-$2,009	-$2,294	-$2,779	-$3,502
Issue/Repayment of Debt	$2,164	$982	-$200	$692	$829	$991	$1,125	$1,278	$1,413	$1,375	$1,148
Common Stock Repurchased	-$216	-$263	-$496	-$875	-$1,000	-$903	-$1,014	-$1,154	-$1,311	-$1,426	-$1,504
Cash Dividends Paid	-$593	-$638	-$687	-$738	-$769	-$830	-$922	-$1,050	-$1,228	-$1,472	-$1,809
Interest Expense, net	-$392	-$502	-$530	-$566	-$584	-$619	-$661	-$709	-$763	-$823	-$881
Other	-$11	-$19	-$15	-$17	-$465	-$325	-$348	-$375	-$404	-$433	-$457
Effect of foreign exchange rate	-$3	$1	-$2	$1	$0	$0	$0	$0	$0	$0	$0
Increase (decrease) in cash	$108	$14	-$25	$46	$116	$849	$1,122	$1,438	$1,695	$1,598	$1,109
Cash at beginning of year	$106	$214	$228	$203	$76	$192	$1,041	$2,163	$3,601	$5,296	$6,894
Cash at end of year	$214	$228	$203	$249	$192	$1,041	$2,163	$3,601	$5,296	$6,894	$8,002

Appendix H. Financial Statement Items Forecast Assumptions

TABLE H.1. INCOME STATEMENT FORECAST ASSUMPTIONS

	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E	FY32E
Revenue	YoY Growth as a result of business segment revenue YoY growth: CAGR of 7.06% slightly higher than the Historical CAGR of 5.86%. For further details on each business segment revenue forecast refer to Appendix K						
YoY Growth	3.89%	7.10%	8.54%	9.95%	10.02%	8.51%	5.67%
Collection, Transfer, Landfill	CAGR of 6.76% slightly higher than the Historical CAGR of 6.17% - Expectation of a slight improvement in MSW generation						
YoY	4.25%	7.29%	8.27%	9.17%	9.16%	8.13%	5.58%
Environmental Solutions	CAGR of 10.11% - Expectation of successful synergies through the acquisition program and construction activity						
YoY	0.00%	6.00%	12.00%	18.00%	18.00%	12.00%	6.00%
Recycling Processing and Commodity Sales	Stable YoY Growth (FY26E-FY32E) – In line with the historical average growth (4.50%)						
YoY	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Other	Stable YoY Growth (FY26E-FY32E) – slightly below the historical average growth (8.00%)						
YoY	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Cost of Revenue & Operating Expenses	Decrease of 50 bps (FY26E-FY30E) – in line with the improved historical operational efficiency (72% in FY16 to 68% in FY25)						
as a % of Revenue	67.86%	67.36%	66.86%	66.36%	65.86%	65.86%	65.86%
D&A	FY26E – company guidance, Stable (FY27-EFY32E) – in line with last 3Y historical average (10.47%)						
as a % of Revenue	10.93%	10.47%	10.47%	10.47%	10.47%	10.47%	10.47%
Interest Expense, net	Stable (FY26E-FY32E) – in line with last 3Y historical average (4.23%)						
as a % of Total $Debt_{t-1}$	4.23%	4.23%	4.23%	4.23%	4.23%	4.23%	4.23%
Other Financial Income (Expense)	Stable (FY26E-FY32E) – in line with last 3Y historical average (2.08%)						
as a % of Total Debt	2.08%	2.08%	2.08%	2.08%	2.08%	2.08%	2.08%
Income Taxes	FY26E – company guidance, Stable (FY26E-FY32E) – in line with last 3Y historical average (18.16%)						
as a % of EBT	19.00%	18.16%	18.16%	18.16%	18.16%	18.16%	18.16%

TABLE H.2. BALANCE SHEET FORECAST ASSUMPTIONS

	Forecast Assumptions*
Cash and Cash Equivalents	$Cash\ \&\ Cash\ Equivalents_{FY_t} = Cash\ at\ end\ of\ year_{FY_t}$
Trade Receivables	$Trade\ Receivables_{FY_t} = \frac{(Average\ Days' Receivables)_{FY23-FY25}}{365} \times Revenue_{FY_t}$
Inventories	$Inventories_{FY_t} = \frac{(Average\ Days' Inventories)_{FY23-FY25}}{365} \times Revenue_{FY_t}$
Other Current Assets	$Other\ Current\ Assets_{FY_t} = \frac{(Average\ of\ Other\ Current\ Assets\ as\ a\ \%\ of\ Revenue)_{FY23-FY25}}{365} \times Revenue_{FY_t}$
PP&E	$PP\&E_{FY_t} = PP\&E_{FY_{t-1}} + Capex_{FY_t} - D\&A_{FY_t}$
Goodwill	$Goodwill_{FY_t} = Goodwill_{FY_{t-1}} + Acquisitions_{FY_t}$
Other Intangible Assets	$Other\ Intagible\ Assets_{FY_t} = (Average\ of\ Other\ Intangible\ Assets\ as\ a\ \%\ of\ Revenue)_{FY23-FY25} \times Revenue_{FY_t}$
Investments	$Investments_{FY_t} = (Average\ of\ Investments\ as\ a\ \%\ of\ Revenue)_{FY23-FY25} \times Revenue_{FY_t}$
Other Non-Current Assets	$Other\ Non-Current\ Assets_{FY_t} = (Average\ of\ Other\ Non-Current\ Assets\ as\ a\ \%\ of\ Revenue)_{FY23-FY25} \times Revenue_{FY_t}$
Accounts Payables	$Accounts\ Payables_{FY_t} = \frac{(Average\ Days' Payables)_{FY23-FY25}}{365} \times Revenue_{FY_t}$
Short-term Debt	$Short-term\ Debt_{FY_t} = (Average\ of\ Short-term\ Debt\ as\ a\ \%\ of\ Total\ Equity)_{FY23-FY25} \times Total\ Equity_t$
Other Current Liabilities	$Other\ Current\ Liabilities_{FY_t} = (Average\ of\ Other\ Current\ Liabilities\ as\ a\ \%\ of\ Revenue)_{FY23-FY25} \times Revenue_{FY_t}$
Long-term Debt	$Long-term\ Debt_{FY_t} = (Average\ of\ Long-term\ Debt\ as\ a\ \%\ of\ Total\ Equity)_{FY23-FY25} \times Total\ Equity_t$
Derivatives	$Derivatives\ (in\ Current\ Assets)_{FY_t} = 0$ $Derivatives\ (in\ Non-Current\ Assets)_{FY_t} = 0$ $Derivatives\ (in\ Current\ Liabilities_{FY_t} = 0$ $Derivatives\ (in\ Non-\ Current\ Liabilities)_{FY_t} = Derivatives\ (in\ Non-Current\ Liabilities)_{FY_{25}}$
Deferred Income Taxes	$Deferred\ Income\ Taxes_{FY_t} = Deferred\ Income\ Taxes_{FY_{25}}$
Other Non-Current Liabilities	$Other\ Non-Current\ Liabilities_{FY_t} = (Average\ of\ Non-Current\ Liabilities\ as\ a\ \%\ of\ Revenue)_{FY23-FY25} \times Revenue_{FY_t}$
Additional Paid-In Capital	$Additional\ Paid-In\ Capital\ _t = Additional\ Paid-In\ Capital_{FY_{25}}$
Retained Earnings	$Retained\ Earnings_{FY_t} = Retained\ Earnings_{FY_{t-1}} + Net\ Income_{FY_t} - Dividends_{FY_t}$
Treasury Stock	$Treasury\ Stock_{FY_t} = Treasury\ Stock_{FY_{t-1}} + Common\ Stokc\ Repurchased_{FY_t}$
Accumulated Comprehensive Income	$Accumulated\ Comprehensive\ Income_{FY_t} = Accumulated\ Comprehensive\ Income_{FY_{25}}$
Minority Interests	$Minority\ Interests_{FY_t} = Minority\ Interests_{FY_{25}}$

*SUBSCRIPT t STAND FOR THE REPRESENTATIVE FISCAL YEAR, E.G., IF $t = 27$, THEN $PP\&E_{FY27} = PP\&E_{FY26} + Capex_{FY27} - D\&A_{FY27}$

TABLE H.3. CASH FLOW STATEMENT FORECAST ASSUMPTIONS

	Forecast Assumptions
Consolidated Net Income	$Consolidated\ Net\ Income_{FY_t} = Net\ Income_{FY_t}$
D&A	$D\&A_{FY_t} = D\&A_{FY_t}$
Deferred Income Taxes	$Deferred\ Income\ Taxes_{FY_t} = Deferred\ Income\ Taxes_{FY_{t-1}}$
Interest Expense, net	$Interest\ Expense, net_{FY_t} = Interest\ Expense, net_{FY_t}$
Other (Operating)	$Other\ (Operating)_{FY_t} = -Other\ Financial\ Income (Expense)_{FY_t}$
Working Capital Assets	$WC\ Assets_{FY_t} = (Trade\ Receivables_{FY_{t-1}} - Trade\ Receivables_{FY_t}) + (Inventories_{FY_{t-1}} - Inventories_{FY_t})$
Working Capital Payables	$WC\ Payables_{FY_t} = (Accounts\ Payables_{FY_t} - Accounts\ Payables_{FY_{t-1}})$
Other Current Assets / Liabilities	$Other\ Current\ Assets/Liabilities_{FY_t} = (Other\ Current\ Assets_{FY_{t-1}} - Other\ Current\ Assets_{FY_t}) + (Other\ Current\ Liabilities_{FY_t} - Other\ Current\ Liabilities_{FY_{t-1}})$
Other Non-Current Assets / Liabilities	$Other\ Non-Current\ Assets/Liabilities_{FY_t} = (Other\ Non-Current\ Assets_{FY_{t-1}} - Other\ Non-Current\ Assets_{FY_t}) + (Other\ Non-Current\ Liabilities_{FY_t} - Other\ Non-Current\ Liabilities_{FY_{t-1}})$
Total Capital Expenditures	$Capex_{FY26} = (Capex\ as\ a\ \%\ of\ Revenue)_{FY25} \times Revenue_{FY26}$ $Capex_{FY_t} = (Capex\ as\ a\ \%\ of\ Revenue)_{FY23-26} \times Revenue_{FY_t}$
Acquisitions & Disposal of Assets, net	$Acquisitions_{FY_t} = \$1{,}000$
Other (Investing)	$Other\ (Investing)_{FY_t} = (Investments_{FY_{t-1}} - Investments_{FY_t}) + (Other\ Intangible\ Assets_{FY_{t-11}} - Other\ Intangible\ Assets_{FY_t})$
Issue/Repayment of Debt	$Issue/\ Repayment\ Debt_{FY_t} = (Short\ term\ Debt_{FY_t} - Short\ term\ Debt_{FY_{t-1}}) + (Long\ term\ Debt_{FY_t} - Long\ term\ Debt_{FY_{t-1}})$
Common Stock Repurchased	$Stock\ Repurchased_{FY26} = \$1{,}000$ $Stock\ Repurchased_{FY_t} = Net\ Income_{FY_t} \times (Stock\ Repurchased)_{FY16-23}$ Under the Repurchased Program, the company still has $1.7bn of remaining shares to be repurchased until FY26E.
Cash Dividends Paid	$Dividends_{FY_t} = DPS_{FY_t} \times Shares\ Outstanding_{FY_t}$ Decreasing number of shares are predicted based on the stock repurchased program: a stock price of $230 was assumed for the projected $1bn shares repurchased in FY26E. Between FY27E to FY32E, shares are predicted to decrease 2M each year.
Other (Financing)	$Other\ (Financing)_{FY_t} = (Derivatives\ (in\ Current\ Assets)_{FY_{t-1}} - Derivatives\ (in\ Current\ Assets)_{FY_t}) + (Derivatives\ (in\ NonCurrent\ Assets)_{FY_t} - Derivatives\ (in\ NonCurrent\ Assets)_{FY_{t-1}}) + (Derivatives\ (in\ Current\ Liabilities)_{FY_t} - Derivatives\ (in\ Current\ Liabilities)_{FY_{t-1}}) + (Derivatives\ (in\ NonCurrent\ Liabilities)_{FY_t} - Derivatives\ (in\ NonCurrent\ Liabilities)_{FY_{t-1}}) + (Payable\ Dividends_{FY_t} - Payable\ Dividends_{FY_{t-1}}) + Other\ Financial\ Income\ (Expense)_{FY_t}$

Appendix I. WACC Computation

TABLE I.1. COS OF DEBT COMPUTATION USING WEIGHTED AVERAGE YIELD TO MATURITY OF RSG'S OUTSTANDING APPROACH

ISIN	Amount Outstanding ($)	Last Price (%)	Yield (%)	Market Value ($)	Weight	Yield*Weight	Maturity Date
US76076GC275	0	100	3.84	0	0%	0%	mar/26
US76076GC358	0	100	3.84	0	0%	0%	mar/26
US76076GC432	0	100	3.84	0	0%	0%	mar/26
US76076GC507	0	100	3.84	0	0%	0%	mar/26
US76076GC689	0	100	3.85	0	0%	0%	mar/26
US76076GC929	0	100	3.86	0	0%	0%	mar/26
US76076GCA94	0	0	0.00	0	0%	0%	mar/26
US76076GCB77	0	0	0.00	0	0%	0%	mar/26
US76076GCD34	0	100	3.87	0	0%	0%	mar/26
US76076GCG64	0	0	0.00	0	0%	0%	mar/26
US76076GCS03	0	100	3.89	0	0%	0%	mar/26
US760759AR19	500,000,000	100	3.84	498,375,000	5%	0%	jul/26
US760759AS91	650,000,000	99	3.82	645,214,700	6%	0%	nov/27
US760759AT74	800,000,000	100	3.84	801,786,400	8%	0%	mai/28
US760759BB57	750,000,000	103	3.96	769,864,500	7%	0%	abr/29
US760759BJ83	400,000,000	103	3.98	413,882,000	4%	0%	nov/29
US760759AV21	600,000,000	94	4.05	561,523,200	5%	0%	mar/30
US760759BL30	500,000,000	103	4.05	513,992,000	5%	0%	jul/30
US760759AX86	650,000,000	88	4.12	572,830,050	6%	0%	fev/31
US760759AZ35	750,000,000	87	4.24	652,596,750	6%	0%	fev/32
US760759BA74	700,000,000	88	4.35	616,896,000	6%	0%	mar/33
US760759BH28	650,000,000	104	4.42	674,687,650	7%	0%	dez/33
US760759BC31	800,000,000	103	4.51	826,544,800	8%	0%	abr/34
US760759BK56	500,000,000	104	4.61	520,796,500	5%	0%	nov/34
US760759AF70	181,892,000	109	4.86	198,028,003	2%	0%	mar/35
US760759BM13	700,000,000	104	4.61	727,789,300	7%	0%	mar/35
US115885AK10	147,985,000	118	4.95	175,308,062	2%	0%	set/35
US760759AJ92	1,000,000	113	4.93	1,127,077	0%	0%	mar/40
USU76069AE05	1,000,000	113	4.90	1,130,680	0%	0%	mar/40
US760759AK65	399,927,000	113	4.93	450,748,523	4%	0%	mar/40
US760759AN05	385,670,000	107	5.07	410,988,464	4%	0%	mai/41
US760759AW04	400,000,000	69	5.40	274,314,400	3%	0%	mar/50
Total:	10,467,474,000			10,308,424,060	100%	**4.31%**	

TABLE I.2. COS OF DEBT COMPUTATION USING CREDIT SPREAD APPROACH

Credit Spreads	Figure
RSG (BBB+*)	1.08%
BBB	1.20%
A-	0.95%
Risk-free Rate	3.96%
Pre-Tax Cost of Debt	5.04%

*SINCE RSG FITCH CREDIT RATING IS BBB+, AND DAMODARAN DATABASE DOES NOT PROVIDE A CREDIT SPREAD FOR BBB+ CREDIT RATING, AN EQUAL WEIGHTED AVERAGE BETWEEN BBB AND A- CREDIT SPREADS WERE USED TO ARRIVE AT BBB+ CREDIT SPREAD

Table I.3. 5-Year Monthly Total Return of RSG, its comparables and the MSCI World Index

Date	TR: MSCI World	TR: RSG	TR: WM	TR: WCN	TR: CLH	TR: VIE	TR: GFL	TR: CWY
31/03/2021	3.38%	11.99%	16.91%	10.74%	-1.28%	-4.99%	12.74%	-0.51%
30/04/2021	4.70%	7.00%	6.94%	10.31%	5.83%	24.18%	-5.69%	33.11%
31/05/2021	1.50%	2.71%	1.96%	2.13%	4.65%	1.47%	-1.77%	-2.93%
30/06/2021	1.52%	1.15%	0.00%	-1.66%	0.04%	-3.89%	-1.22%	-7.27%
30/07/2021	1.82%	7.59%	5.82%	6.08%	2.00%	8.81%	9.02%	-5.76%
31/08/2021	2.52%	4.87%	4.62%	1.99%	8.02%	4.39%	1.11%	3.92%
30/09/2021	-4.11%	-2.91%	-3.35%	-2.38%	1.22%	-7.34%	5.40%	2.88%
29/10/2021	5.69%	12.11%	7.28%	8.00%	8.35%	6.50%	10.64%	2.27%
30/11/2021	-2.16%	-1.74%	0.27%	-2.00%	-9.86%	-1.36%	-6.21%	2.48%
31/12/2021	4.30%	5.78%	4.24%	2.41%	-1.65%	13.91%	-1.75%	10.01%
31/01/2022	-5.27%	-8.45%	-9.86%	-8.49%	-7.24%	-2.20%	-13.15%	-10.47%
28/02/2022	-2.50%	-5.78%	-4.01%	-0.97%	3.11%	-2.38%	-11.04%	-1.12%
31/03/2022	2.81%	10.54%	10.23%	13.31%	16.99%	-8.07%	11.26%	14.53%
29/04/2022	-8.27%	1.34%	3.75%	-1.24%	-6.01%	-8.63%	-7.43%	-1.05%
31/05/2022	0.15%	-0.32%	-3.61%	-7.39%	-10.99%	-4.97%	1.41%	-4.79%
30/06/2022	-8.63%	-1.88%	-3.10%	-2.81%	-6.13%	-12.65%	-15.61%	-19.19%
29/07/2022	7.97%	5.95%	7.57%	7.59%	11.32%	6.54%	7.58%	9.65%
31/08/2022	-4.14%	2.93%	2.72%	4.36%	20.32%	-10.02%	1.75%	0.42%
30/09/2022	-9.26%	-4.33%	-4.86%	-2.74%	-6.34%	-13.80%	-10.42%	-9.40%
31/10/2022	7.21%	-2.51%	-1.15%	-2.38%	11.35%	15.59%	6.95%	0.52%
30/11/2022	7.00%	5.03%	5.90%	9.54%	-2.01%	14.56%	7.75%	8.44%
30/12/2022	-4.21%	-7.04%	-6.10%	-8.09%	-4.90%	0.43%	0.34%	-4.33%
31/01/2023	7.10%	-3.23%	-1.37%	0.26%	14.18%	14.94%	5.79%	7.47%
28/02/2023	-2.37%	3.29%	-3.21%	0.77%	1.36%	1.41%	-1.49%	-7.07%
31/03/2023	3.16%	5.26%	9.46%	4.04%	7.94%	2.81%	13.42%	-11.10%
28/04/2023	1.80%	6.95%	1.77%	0.06%	1.82%	2.71%	5.37%	1.54%
31/05/2023	-0.92%	-2.07%	-2.49%	-1.61%	-3.28%	-3.15%	-0.59%	5.70%
30/06/2023	6.09%	8.50%	7.56%	4.60%	17.12%	7.30%	7.64%	2.16%
31/07/2023	3.38%	-1.34%	-5.55%	-1.23%	1.11%	3.02%	-12.10%	7.43%
31/08/2023	-2.35%	-4.62%	-4.28%	-2.78%	1.85%	-3.85%	-5.06%	-8.42%
29/09/2023	-4.28%	-0.75%	-2.33%	-1.96%	-1.17%	-7.33%	-2.02%	-7.95%
31/10/2023	-2.88%	4.20%	7.80%	-3.57%	-8.18%	-5.78%	-9.31%	-8.22%
30/11/2023	9.43%	8.99%	4.48%	4.85%	5.20%	15.21%	-0.29%	14.48%
29/12/2023	4.94%	2.23%	4.74%	10.17%	7.95%	0.15%	20.20%	12.74%
31/01/2024	1.22%	3.77%	3.65%	4.01%	-3.75%	3.87%	-1.43%	-6.82%
29/02/2024	4.28%	7.29%	10.78%	7.20%	8.42%	-5.47%	6.00%	1.98%
29/03/2024	3.27%	4.27%	4.02%	3.52%	10.55%	5.07%	-4.27%	1.90%
30/04/2024	-3.67%	0.42%	-2.41%	-5.77%	-5.89%	-4.27%	-7.55%	-0.58%
31/05/2024	4.53%	-3.40%	1.30%	1.55%	14.33%	11.25%	-1.24%	6.21%
28/06/2024	2.07%	4.94%	1.62%	6.72%	4.41%	-10.13%	23.70%	-0.49%
31/07/2024	1.78%	0.27%	-5.01%	1.37%	5.56%	5.10%	-0.37%	-0.13%
30/08/2024	2.68%	7.15%	4.63%	5.07%	3.00%	5.21%	11.56%	5.63%
30/09/2024	1.87%	-3.54%	-1.74%	-4.12%	-1.70%	-0.63%	-7.83%	4.33%
31/10/2024	-1.96%	-1.13%	3.97%	-1.16%	-4.32%	-3.41%	4.84%	-10.39%
29/11/2024	4.62%	10.25%	5.73%	9.07%	12.47%	-8.16%	13.45%	4.36%
31/12/2024	-2.57%	-7.84%	-11.28%	-10.85%	-11.52%	-3.73%	-6.04%	-12.55%
31/01/2025	3.55%	8.11%	9.15%	7.10%	1.24%	1.71%	-3.09%	5.31%
28/02/2025	-0.69%	9.29%	5.68%	3.26%	-8.35%	4.52%	4.62%	-8.33%
31/03/2025	-4.40%	2.17%	-0.18%	3.03%	-7.70%	15.10%	6.98%	2.60%
30/04/2025	0.94%	3.79%	0.80%	1.25%	8.54%	6.13%	3.22%	4.06%
30/05/2025	5.99%	2.61%	3.26%	-0.11%	6.01%	-1.74%	1.25%	8.57%
30/06/2025	4.35%	-4.15%	-4.71%	-5.26%	1.94%	3.77%	0.07%	-0.96%
31/07/2025	1.31%	-6.24%	0.15%	-0.03%	2.00%	-4.91%	-0.25%	3.40%
29/08/2025	2.64%	1.44%	-1.21%	-0.83%	2.71%	-2.78%	-0.77%	-1.77%
30/09/2025	3.25%	-1.92%	-2.09%	-4.88%	-4.12%	3.16%	-5.20%	0.74%
31/10/2025	2.02%	-9.00%	-9.54%	-4.62%	-9.35%	-2.81%	-7.60%	-7.28%
28/11/2025	0.31%	4.24%	9.06%	5.50%	8.10%	2.77%	3.96%	5.55%
31/12/2025	0.84%	-2.36%	1.23%	-0.67%	3.04%	2.78%	-5.58%	-1.88%
30/01/2026	2.26%	1.79%	1.15%	-4.43%	10.85%	7.36%	0.05%	-0.53%
27/02/2026	0.76%	6.47%	8.37%	2.70%	12.81%	13.35%	2.84%	5.52%

TABLE I.4. RSG AND ITS COMPARABLES REGRESSED AGAINST THE MSCI WORLD INDEX DATA

Firm	Intercept	Beta	R^2	Adjusted R^2	Standard Error
RSG	0.01*	0.57***	0.19	0.18	0.05
WM	0.01	0.58***	0.18	0.17	0.05
WCN	0.00	0.64***	0.25	0.24	0.05
CLH	0.01	1.01***	0.29	0.28	0.07
VIE	0.00	1.14***	0.35	0.34	0.06
GFL	0.00	0.92***	0.23	0.22	0.07
CWY	-0.01	1.17***	0.35	0.34	0.07

Appendix J. Comparables/Peers Selection Methodology

Peer Selection Methodology Process:

1. Initial Sector Screening:
    - Identification of publicly listed companies worldwide which operate within RSG's business sectors
2. Proprietary Scoring Framework:
    - assessment across six categories: 1) Size (Market Capitalization, Revenues, EV), weighted at 25%; 2) Margins (Gross, EBITDA, EBIT), weighted at 25%; 3) Returns (ROE, ROA, ROIC, ROC), weighted at 25%; 4) Liquidity and Leverage (Current Ratio, Quick Ratio, Total Debt/EV, Net Debt), weighted at 15%; 5) Operational Efficiency (Inventory Turnover, Asset Turnover), weighted at 5%; 6) Cash Flows (FCF), weighted at 5%. Data was sourced From Refinitiv DataStream.
    - Each metric within each category was given a pre-selected weight to arrive at the final score:
        i. Current Market Capitalization: 8.33%
        ii. FY24 Revenues: 8.33%
        iii. FY24 Enterprise Value: 8.33%
        iv. 5Y Average of Gross Profit Margin: 8.33%
        v. 5Y Average of EBITDA Margin: 8.33%
        vi. 5Y Average of EBIT Margin: 8.33%
        vii. ROA: 6.00%
        viii. ROE: 6.00%
        ix. ROC: 6.00%
        x. ROIC: 6.00%
        xi. Current Ratio: 3.75%
        xii. Quick Ratio: 3.75%
        xiii. Net Debt: 3.75%
        xiv. Total Debt to Enterprise Value: 3.75%
        xv. Inventory Turnover: 2.5%
        xvi. Asset Turnover: 2.5%
        xvii. Free Cash Flow: 6.0%
3. Scoring and Peer Selection:

- Overall score based on the weighted performance across the six metrics.
- RSG was assigned a final score of 100.
- Each potential peer final score was computed given RSG baseline values for each metric. That is, an absolute deviation for each potential peer metric with respect to the respective RSG metric is computed. Let's consider the following example: RSG FY24 Revenue of $16.5bn, and WCN FY Revenue of $9.4bn. An absolute deviation of the WCN Revenue with respect to the RSG Revenue of 57% is computed. Given the FY24 Revenue weight of 8.33% in the final score, this specific metric in the final score for WCN accounts for 0.05. This procedure was followed for each metric and for each potential peer.

From the preliminary list of 11 peer candidates, we consider to be a peer only companies with a final score higher than 30, ending with 6 comparables:

1. **Waste Management Inc.**: provides waste management environmental services to residential, commercial, industrial, and municipal customers in North America. It offers collection services, including picking up and transporting waste and recyclable materials from where it was generated to a transfer station, material recovery facility, or disposal site.
2. **Waste Connections Inc.**: provides non-hazardous waste collection, transfer, disposal, and resource recovery services in the United States and Canada. It offers collection services to residential, commercial, municipal, and industrial; landfill disposal services; and recycling services for various recyclable materials.
3. **Clean Harbors Inc.**: provides environmental and industrial services in North America. The company operates through two segments, Environmental Services and Safety-Kleen Sustainability Solutions. The Environmental Services segment collects, transports, treats, and disposes of hazardous and non-hazardous waste, such as resource recovery, and landfill disposal.
4. **GFL Environmental Inc.**: operates as a diversified environmental services company in Canada and the United States. The company offers non-hazardous solid waste management, infrastructure and soil remediation, and liquid waste management services.
5. **Veolia Environnement SA**: designs and provides water, waste, and energy management solutions worldwide. It provides waste collection, waste material recovery, waste-to-energy, organic waste material recovery, hazardous waste treatment, urban cleaning, and industrial maintenance and cleaning services.

6. **Cleanaway Waste Management Limited**: provides waste management, industrial, and environmental services in Australia. The company operates through three segments: Solid Waste Services, Industrial & Waste Services, and Liquid Waste & Health Services.

TABLE J. POTENTIAL PEERS SCORE AND FINANCIAL METRICS.

Ticker	Country	Score	Size			Margins			Returns				Liquidity & Leverage				Operational Efficiency		Cash Flows
			Current Market Cap. (in $millions)	FY24 Revenues (in $millions)	FY24 EV (in $millions)	Gross Profit Margin (5Y Avg)	EBITDA Margin (5Y Avg)	EBIT Margin (5Y Avg)	ROA	ROE	ROC	ROIC	Current Ratio	Quick Ratio	Net Debt (in $millions)	Total Debt to EV	Inventory Turnover	Asset Turnover	FCF (in $millions)
RSG	US	**100**	66,4723	16,502	75,409	30.00%	29.40%	19.70%	6.40%	18.50%	11.30%	11.70%	0.58	0.56	12,639	16.70%	112.92	0.5	2,081
WM	US	**71**	88,538	24,784	104,480	27.90%	28.20%	17.70%	7.50%	38.50%	11.20%	9.20%	0.76	0.73	23,486	20.90%	82.59	0.57	2,159
WCN	US	**81**	45,105	9,354	52,304	27.70%	31.00%	18.00%	6.60%	15.90%	10.60%	9.70%	0.65	0.62	8,018	16.10%	95.69	0.47	1,173
ROL	US	**10**	28,985	3,680	22,753	48.60%	22.10%	18.70%	17.70%	38.50%	21.90%	60.70%	0.69	0.62	306	1.70%	47.08	1.25	580
VIE	France	**33**	25,675	46,074	42,672	17.30%	13.70%	6.80%	2.10%	14.20%	8.40%	9.10%	0.91	0.86	18,136	67.70%	24.04	0.61	1,654
VLTO	US	**21**	24,842	5,452	26,686	58.00%	25.00%	22.60%	14.60%	51.50%	17.40%	7.30%	1.92	1.69	1,498	10.40%	7.14	0.86	820
GFL	Canada	**42**	15,877	4,934	25,604	13.40%	26.10%	1.90%	1.60%	4.50%	5.50%	3.30%	0.54	0.44	7,241	25.80%	62.23	0.38	575
CLH	US	**36**	12,707	5,962	14,587	23.90%	17.60%	10.60%	5.80%	16.70%	6.70%	10.10%	2.21	1.86	2,183	19.00%	12.54	0.86	336
DCI	US	**20**	10,443	3,726	8,874	34.20%	17.20%	14.50%	15.00%	30.10%	19.60%	21.60%	1.93	1.25	488	6.20%	4.84	1.25	340
CWST	US	**21**	6,3134	1,795	7,377	20.90%	21.10%	8.30%	2.80%	6.30%	0.50%	2.70%	2	1.93	750	15.80%	64.08	0.54	78
CWY	Australia	**35**	3,980	2,460	5,011	59.70%	20.50%	7.80%	3.00%	6.50%	7.40%	6.70%	0.74	0.68	1,131	24.10%	23.97	0.59	79
ZDC	Canada	**28**	437	37	23	45.50%	34.40%	12.40%	0.80%	1.80%	3.50%	7.20%	1.09	1.06	16	5.30%	33.79	0.6	-7
PESI	US	**-81**	241	61	59	12.30%	-6.30%	-5.90%	-23.80%	-41.90%	-33.50%	-28.90%	2.29	2.23	-26	1.10%	47.2	0.67	-18

Appendix K. Revenue of Collection, Transfer and Landfill Business Segments

TABLE K. COLLECTION, TRANSFER AND LANDFILL YOY HISTORICAL AND FORECASTED GROWTH AND ITS DRIVERS.

FY	Revenue on Related Business YoY Growth	Core Price YoY Growth	Average Yield on Related Business YoY Growth	Volume YoY Growth	CPI Inflation
FY16		3.30%	2.10%	1.00%	1.26%
FY17		4.10%	2.50%	1.80%	2.13%
FY18		3.90%	2.40%	0.40%	2.44%
FY19		4.70%	2.80%	(0.40)%	1.81%
FY20		4.80%	2.60%	(3.10)%	1.23%
FY21		5.30%	3.10%	3.80%	4.70%
FY22		7.30%	5.70%	2.60%	8.00%
FY23		8.90%	7.30%	0.70%	4.12%
FY24		7.80%	6.20%	(1.30)%	2.95%
FY25		7.10%	4.90%	(0.70)%	2.65%
FY26E	4.25%	5.54%	4.25%	0.00%	2.65%
FY27E	7.29%	5.54%	3.79%	3.50%	2.65%
FY28E	8.27%	5.52%	3.77%	4.50%	2.50%
FY29E	9.17%	5.42%	3.67%	5.50%	2.50%
FY30	9.16%	5.42%	3.66%	5.50%	2.45%
FY31	8.13%	5.38%	3.63%	4.50%	2.40%
FY32	5.58%	5.33%	3.58%	2.00%	2.30%

Appendix L. Business Acquisitions

TABLE L. BUSINESS ACQUISITIONS AND RELATED INFORMATION

Acquired Business	Business Segment	Settlement Date	Company Acquired Value
Hamm	Landfill operations	01/02/2026	Not publicly disclosed
COP Shamrock Parent, Inc.	environmental solutions of industrial waste and wastewater treatment services.	13/02/2025	$700,000,000
Central Texas Refuse, LLC	vertically integrated recycling and waste services operations in Austin, Texas	01/12/2023	Not publicly disclosed
Advanced Chemical Transport, LLC	environmental solutions	01/11/2023	Not publicly disclosed
Set of Operations from GFL Environmental Inc.	recycling, hauling, transfer and landfill operations	01/06/2023	Not publicly disclosed
US Ecology	environmental solutions of treatment, recycling and disposal of hazardous, non-hazardous and specialty waste	02/05/2022	$2,200,000,000
ACV Enviro Corporation	environmental solutions	01/08/2021	Not publicly disclosed
Santek Waste Services, LLC	vertically integrated recycling and waste services operations in southeastern USA	01/05/2021	Not publicly disclosed

Appendix M. FCFF Computation

TABLE M. DISCOUNTED CASH FLOW VALUATION

(In $ millions)	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E	FY32E	Terminal
EBIT	$1,810	$1,869	$1,890	$2,198	$2,579	$2,941	$3,331	$3,436	$3,656	$4,093	$4,542	$5,105	$5,737	$6,225	$6,578	-
Tax Rate	21.45%	17.13%	15.15%	17.95%	18.78%	20.99%	15.95%	17.54%	18.79%	20.04%	21.29%	22.54%	23.79%	25.04%	25.63%	-
NOPAT	$1,422	$1,548	$1,603	$1,803	$2,095	$2,324	$2,800	$2,833	$2,969	$3,272	$3,575	$3,954	$4,372	$4,666	$4,892	$5,005
YoY	*-18%*	*9%*	*4%*	*12%*	*16%*	*11%*	*20%*	*1%*	*5%*	*10%*	*9%*	*11%*	*11%*	*7%*	*5%*	
D&A	$1,114	$1,122	$1,159	$1,268	$1,442	$1,599	$1,784	$1,928	$1,885	$1,934	$2,099	$2,308	$2,539	$2,755	$2,911	-
YoY	*0%*	*1%*	*3%*	*9%*	*14%*	*11%*	*12%*	*8%*	*-2%*	*3%*	*9%*	*10%*	*10%*	*9%*	*6%*	-
Gross CF	$2,536	$2,671	$2,762	$3,072	$3,537	$3,922	$4,584	$4,761	$4,854	$5,206	$5,674	$6,262	$6,911	$7,421	$7,803	-
YoY	-11%	5%	3%	11%	15%	11%	17%	4%	2%	7%	9%	10%	10%	7%	5%	-
Δ in Operating WC	-$159	-$213	-$141	-$94	-$232	-$88	-$354	-$359	$261	$249	$321	$405	$449	$419	$303	-
Capex	-$1,040	-$1,185	-$1,165	-$1,297	-$1,421	-$1,602	-$1,808	-$1,874	-$1,947	-$2,048	-$2,223	-$2,444	-$2,689	-$2,917	-$3,083	-
YoY	*6%*	*14%*	*-2%*	*11%*	*10%*	*13%*	*13%*	*4%*	*4%*	*5%*	*9%*	*10%*	*10%*	*9%*	*6%*	-
Acq. & Inv.	-$189	-$534	-$758	-$1,169	-$3,002	-$2,065	-$753	-$1,439	-$1,224	-$1,120	-$1,155	-$1,196	-$1,217	-$1,203	-$1,146	-
YoY	*-45%*	*182%*	*42%*	*54%*	*157%*	*-31%*	*-64%*	*91%*	*-15%*	*-8%*	*3%*	*4%*	*2%*	*-1%*	*-5%*	-
Investing CF	-$1,388	-$1,932	-$2,064	-$2,560	-$4,655	-$3,755	-$2,915	-$3,672	-$2,910	-$2,919	-$3,057	-$3,235	-$3,457	-$3,701	-$3,926	-
YoY	*-11%*	*39%*	*7%*	*24%*	*82%*	*-19%*	*-22%*	*26%*	*-21%*	*0%*	*5%*	*6%*	*7%*	*7%*	*6%*	-
FCFF	$1,148	$738	$698	$511	-$1,118	$167	$1,669	$1,089	$1,944	$2,287	$2,617	$3,027	$3,454	$3,720	$3,877	$90,249
YoY	*-11%*	*-36%*	*-5%*	*-27%*	*-319%*	*-115%*	*897%*	*-35%*	*78%*	*18%*	*14%*	*16%*	*14%*	*8%*	*4%*	-
PV FCFF										*$2,151*	*$2,315*	*$2,518*	*$2,703*	*$2,738*	*$2,683*	*$62,470*

Notes:

$$NOPAT_{FY_t} = EBIT_{FY_t} \times (1 - Tax\ Rate_t) \quad \text{(M.1)}$$

$$NOPAT_{Terminal} = NOPAT_{FY32E} \times (1 + g) \quad \text{(M.2)}$$

$$FCFF_{Terminal} = \frac{NOPAT_{Terminal} \times (1 - Reinvestment\ Rate_{Terminal})}{r_{WACC} - g} \quad \text{(M.3)}$$

$$Reinvestment\ Rate_{Terminal} = g/ROIC_{Terminal} \quad \text{(M.4)}$$

Appendix N. Dividend Discount Model

TABLE N. DIVIDEND DISCOUNT MODEL VALUATION

(In $ millions, except per Share Amounts)	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FT27E	FY28E	FY29E	FY30E	FY31E	FY32E	Terminal
Payout Ratio	44.54%	45.77%	54.02%	42.82%	39.86%	36.86%	33.63%	34.50%	34.30%	32.23%	31.87%	31.91%	32.83%	36.20%	42.18%	71.25%
Retention Ratio	55.46%	54.23%	45.98%	57.18%	60.14%	63.14%	66.37%	65.50%	65.70%	67.77%	68.13%	68.09%	67.17%	63.80%	57.82%	28.75%
ROE	13.02%	14.19%	14.63%	16.46%	17.47%	17.17%	19.74%	18.79%	19.17%	20.86%	22.06%	23.55%	25.05%	25.68%	25.83%	8.00%
Growth Rate	7.22%	7.69%	6.73%	9.41%	10.51%	10.84%	13.10%	12.31%	12.59%	14.14%	15.03%	16.04%	16.82%	16.38%	14.93%	2.30%
EPS	$3.17	$3.34	$3.03	$4.05	$4.70	$5.47	$6.50	$6.86	$7.72	$8.81	$10.14	$11.76	$13.74	$15.99	$18.38	$296.6
DPS	$1.44	$1.56	$1.66	$1.77	$1.91	$2.06	$1.65	$2.37	$2.50	$2.84	$3.23	$3.75	$4.51	$5.79	$7.75	$211.3
YoY growth	8%	8%	6%	7%	8%	8%	-20%	44%	5%	14%	14%	16%	20%	28%	34%	
Cost of Equity								6.82%	6.82%	6.82%	6.82%	6.82%	6.82%	6.82%	6.82%	6.82%
PV (DPS)										$2.66	$2.83	$3.08	$3.47	$4.16	$5.22	$199.6

Notes:

$$Payout\ Ratio_{Terminal} = 1 - g_{Terminal}/ROE_{Terminal} \quad \text{(N.1)}$$

$$Retention\ Rate_{FY_t} = 1 - Payout\ Ratio_{FY_t} \quad \text{(N.2)}$$

$$g_{FY_t} = ROE_{FY_t} \times Retention\ Rate_{FY_t} \quad \text{(N.3)}$$

$$g_{Terminal} = r_e - 0.5\% \quad \text{(N.4)}$$

$$EPS_{FY_t} = EPS_{FY_{t-1}} \times (1 + g_{FY_t}) \quad \text{(N.5)}$$

$$DPS_{FY_t} = Payout\ Ratio_{FY_t} \times EPS_{FY_t} \quad \text{(N.6)}$$

$$EPS_{Terminal} = \frac{EPS_{FY\,32E} \times Payout\ Ratio_{Terminal} \times (1 + g_{Terminal})}{r_e - g_{Terminal}} \quad \text{(N.7)}$$

Appendix O. Scenario Analysis

TABLE O. SCENARIO ANALYSIS

Bear-Case:	The company is expected to face limited pricing power and potential difficulties in increasing prices over the forecasted period. Additionally, we anticipate challenges in controlling top-line expenses, a segment that can be pressured by external market disruptions - such as labor shortages, strikes, and ongoing supply chain constraints - as well as broader macroeconomic factors like inflation and changes in commodity prices. Under this scenario we arrive at a CAGR (FY26E-FY32E) of 5.37%. The underlying assumptions for this scenario are as follows (1) Revenue growth: We project revenue to grow at a rate of 200 bps lower than the base case scenario. (2) Operating Expenses: operating expenses as a proportion of revenue will continue to slow down but at a smaller rate. We forecast operating expenses as a proportion of revenue to reduce at a rate of 25 bps until FY30E. Afterwards, it remains constant. We expect the firm to spend higher amounts on Acquisitions to enable the company to acquire relevant smaller business within the ES business segment.						
(in $ millions)	**FY26E**	**FY27E**	**FY28E**	**FY29E**	**FY30E**	**FY31E**	**FY32E**
Revenue	$16,905	$17,767	$18,930	$20,435	$22,073	$23,510	$24,372
Revenue YoY	*1.89%*	*5.10%*	*6.54%*	*7.95%*	*8.02%*	*6.51%*	*3.67%*
Collection, Transfer, Disposal YoY	*2.25%*	*5.29%*	*6.27%*	*7.17%*	*7.16%*	*6.13%*	*3.58%*
Environmental Solutions YoY	*-2.00%*	*4.00%*	*10.00%*	*16.00%*	*16.00%*	*10.00%*	*4.00%*
Recycling Processing and Sales YoY	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Other non-core YoY	*6.00%*	*6.00%*	*6.00%*	*6.00%*	*6.00%*	*6.00%*	*6.00%*
Cost of Revenue & Opex	$11,513	$12,012	$12,703	$13,611	$14,592	$15,542	$16,112
as a proportion of Revenue	*68.11%*	*67.61%*	*67.11%*	*66.61%*	*66.11%*	*66.11%*	*66.11%*
Acquisitions	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500
as a proportion of Revenue	*8.87%*	*8.44%*	*7.92%*	*7.34%*	*6.80%*	*6.38%*	*6.15%*
Best-Case:	The company is expected to successfully incorporate acquisitions into current operations. Synergies will drive higher revenue growth. Moreover, successful incorporation of sustainable projects and AI systems will drive improvements in operating margins. Under this scenario we arrive at a CAGR (FY26E-FY32E) of 9.18%. Our assumptions for this scenario are as follows: (1) Revenue						

	growth: We forecast revenue growth to exceed the base case by 250 basis points. (2) Operating Expenses: Operating expenses are assumed to reduce at a rate of 75 bps from FY25 base line year until FY30E. Afterwards it remains constant. Acquisition spending is expected to slowdown.

	FY26E	**FY27E**	**FY28E**	**FY29E**	**FY30E**	**FY31E**	**FY32E**
Revenue	$17,652	$19,346	$21,483	$24,157	$27,181	$30,173	$32,637
Revenue YoY	*6.39%*	*9.60%*	*11.04%*	*12.45%*	*12.52%*	*11.01%*	*8.17%*
Collection, Transfer, Disposal YoY	*6.75%*	*9.79%*	*10.77%*	*11.67%*	*11.66%*	*10.63%*	*8.08%*
Environmental Solutions YoY	*2.50%*	*8.50%*	*14.50%*	*20.50%*	*20.50%*	*14.50%*	*8.50%*
Recycling Processing and Sales YoY	*7.00%*	*7.00%*	*7.00%*	*7.00%*	*7.00%*	*7.00%*	*7.00%*
Other non-core YoY	*10.50%*	*10.50%*	*10.50%*	*10.50%*	*10.50%*	*10.50%*	*10.50%*
Cost of Revenue & Opex	$11,934	$12,982	$14,309	$15,970	$17,833	$19,795	$21,412
as a proportion of Revenue	*67.61%*	*67.11%*	*66.61%*	*66.11%*	*65.61%*	*65.61%*	*65.61%*
Acquisitions	$500	$500	$500	$500	$500	$500	$500
as a proportion of Revenue	*2.83%*	*2.58%*	*2.33%*	*2.07%*	*1.84%*	*1.66%*	*1.53%*

Appendix P. Monte Carlo Simulation Assumptions

TABLE P. MONTE CARLO SIMULATION ASSUMPTIONS.

Variable	Distribution	Expected Value	Std. Dev.	Observation/Assumption
FY26E Revenue Growth	Normal	5.86%	6.54%	Expected Value - Last 10Y Revenue CAGR Std. Dev. – Equal weighted average of last 10Y YoY Revenue Growth
FY27E Revenue Growth	Normal	5.55%	6.61%	
FY28E Revenue Growth	Normal	6.28%	6.16%	
FY29E Revenue Growth	Normal	6.88%	5.92%	
FY30E Revenue Growth	Normal	8.05%	4.82%	
FY31E Revenue Growth	Normal	7.94%	4.76%	
FY32E Revenue Growth	Normal	6.89%	2.60%	
FY26E Opex	Normal	70.68%	1.34%	Expected Value - Last 10Y equal weighted average of Cost of Revenue & Opex in % of Revenue Std. Dev. – Last 10Y equal weighted average of Cost of Revenue & Opex in % of Revenue
FY27E Opex	Normal	70.39%	1.39%	
FY28E Opex	Normal	69.98%	1.32%	
FY29E Opex	Normal	69.60%	1.33%	
FY30E Opex	Normal	69.16%	1.26%	
FY31E Opex	Normal	68.77%	1.31%	
FY32E Opex	Normal	68.45%	1.35%	
FY26E to FY32E D&A	Normal	11.14%	0.47%	Expected Value - Last 3Y equal weighted average of D&A in % of Revenue Std. Dev. – Last 3Y equal weighted average of D&A in % of Revenue
FY26E to FY32E Capex	Normal	11.09%	0.34%	Expected Value - Last 3Y equal weighted average of Capex in % of Revenue Std. Dev. – Last 3Y equal weighted average of Capex in % of Revenue
FY26E to FY32E Acquisitions & Investments	Normal	$850	$550	
FY26E to FY32E Tax Rate	Triangular	**Min:** **High prob.:** **Max:**	15.15% 25.63% 36.52%	Min – Last 7Y lowest tax rate High prob. – US Marginal Tax Rate Min – Last 7Y highest tax rate
Terminal Growth Rate, g	Triangular	**Min:** **High prob.:** **Max:**	1.75% 2.30% 3.50%	High prob. – DCF terminal growth rate
ROIC	Triangular	**Min:** **High prob.:** **Max:**	7.88% 8.38% 12.00%	Min – Industry ROIC Average High prob. – DCF terminal ROIC
WACC	Triangular	**Min:** **High prob.:** **Max:**	5.00% 6.32% 7.00%	High prob. – DCF WACC

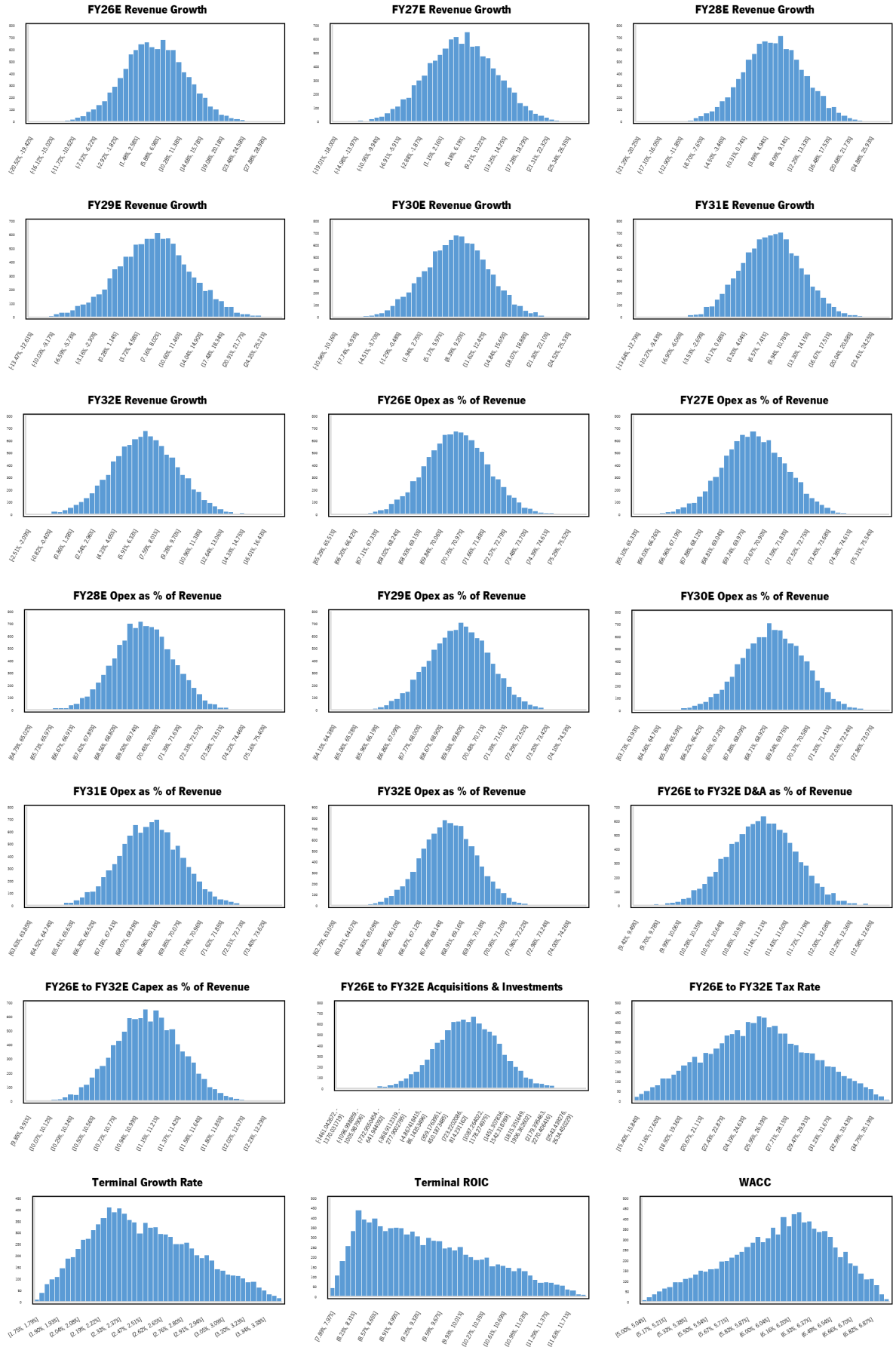


FIGURE P. MONTE CARLO SIMULATION VARIABLES ASSUMPTIONS DISTRIBUTIONS.