

Facility Management and Support Services

II: *Industrial Cleaning and Specialised Sanitation*

CONSOLIDATION ACCELERATES, DRIVEN BY EUROPEAN “BUILD-UP” INVESTMENT GROUPS

This report covers the sector of industrial cleaning and sewage management, which is currently experiencing a surge in transactions driven by strategic factors different to those of conventional cleaning.

This type of technical cleaning often uses specialized equipment that includes pressure washing vehicles, suction and pumping machinery and other equipment that is used in chemical and mechanical cleaning. The sector is experiencing concentration, in part driven by several private equity funds with company platforms implementing a buy and build strategy around Europe.

Technical cleaning is an area that needs local consolidation in most European countries

These investors have identified that across Europe the combination of ageing sewerage infrastructure, heavier rainfalls from the impact of climate change and tougher legislation, will drive sustained growth, whilst the technical nature of the industry, that often includes civil works and underground access to piping, create barriers to entry.

In addition to the maintenance of public infrastructure, building bigger groups to offer a full range of tank and pipeline cleaning, sludge removal, liquid waste management, and prevention of effluent leaks to different industries is also a key driver.

Our analysis of a total of more than 20 deals in these sectors in Western and Southern Europe highlights this transformation.

Many acquisitions are being done by P.E. platform groups seeking to consolidate the sector of industrial cleaning, underground infrastructure maintenance and sanitation

This market consolidation started in the Nordic region and in the UK but has now started expanding across Europe. For example, Norva24, a Norwegian operator has already completed 21 transactions since it was backed by **Valedo Partners** in 2015. The majority of the transactions have taken place in Norway, Denmark, and

Sweden, where the Swedish Livingstone office advised on two transactions in 2019 and 2021 (Miljovision Garansson and Miljohantering).

Private equity is a main driver of consolidation in the sector. And although originating in Northern and Central Europe, they are widening their focus

The speed of acquisitions has accelerated, with 11 completed since 2020. Wider geographical expansion has also occurred, as can be seen by Norva's German transactions highlighted here. The speed of acquisitions has accelerated, with 11 completed since 2020. Wider geographical expansion has also occurred, as can be seen by Norva's German transactions highlighted here.

NORVA 24 - German acquisitions in sewer cleaning

Date	Target Company	Target Description
04/10/2022	CKS Express Group	Providers of pressure washing tank and pipe cleaning and relining services
29/08/2022	Jutzy Haustechnik und Service GmbH	Underground infrastructure maintenance services provider.
13/04/2022	Rohr Frei Schnelldienst Axel Zimmerbeutel GmbH	Provider of pipe and sewer cleaning, pipe inspections and pipe rehabilitation services.
23/12/2020	MAYER Kanalmanagement GmbH	Provider of sewer and pipe cleaning services
02/11/2020	Kanal-Turpe Gochsheim GmbH & Co. KG	Provider of Underground Infrastructure Maintenance ("UIM") services
21/02/2019	Ex-Rohr GmbH	Provider of pipe cleaning services



Another Nordic group, **Sdipotech**, a quoted group focused on maintenance of key infrastructure is also a serial acquiror having made over 40 acquisitions since 2014 in Scandinavia, Austria, Germany, and the UK, and in 2022 broke into the Southern European market with the purchase of Agrosistemi, S.R.L., a firm active in the treatment of biological sludge from wastewater purification.

Nordic companies are not the only players with the consolidation and internalization mindset. Kanalservice Holding AG, backed by **UFENAU**, has made 9 acquisitions since buying the first company, the Swiss group Moekah AG. Five of its acquisitions have taken place in the current year.

KANALSERVICE: DACH acquisitions in sewer cleaning		
Date	Target Company	Target Description
19/07/2022	TurboFix Rohr- und Kanalreinigung	German sewer maintenance company
14/04/2022	H Jakober AG	Swiss Drainage service provider
23/02/2022	THVM Gruppe	German Pipeline construction, canal inspection, sewage treatment and sewer rehabilitation
15/02/2022	AKE Abfluss-Kanal Eildienst Bohmer GmbH	German canal and sewer cleaning, maintenance and construction company
15/02/2022	Kanalservice Braunen GmbH	German canal cleaning, maintenance and construction company
12/08/2018	Zecchinel Umzug & Kanalreinigung	Swiss transportation and sewer servicing company
25/05/2018	Karo Kanalreinigung AG	Swiss company engaged in sewer cleaning and sewer rehabilitation
17/1/2018	Jeschke Umweltechnik GmbH	German company offering trenchless sewer renovation services
06/12/2016	Moekah AG	Swiss sewer servicing company

In Spain, Ufenau has invested directly in another platform, starting with the purchase of Alfus Iris in August 2021. The company was used as a platform, renamed “Grupo Sasti”, and has acquired two further companies in February 2022, the pest control companies Ezsa in Madrid and Athisa in Seville. Pest control is often a related part of the duct, sewerage, and tank hygienization processes in Spain, and thus increases services and adds further value to their clients.

In addition to these groups, the environmental services sector has continued to see corporate movements, with major conglomerates both buying and selling divisions, whilst other industrial groups are acquiring companies to expand internationally or to strengthen their local footprint.

For example Veolia sold a stake in its water treatment business for €40 M to the Seché Environnement group in May 2022, and also divested its maintenance operations of eight

sewerage centres and their network, known as “Agency Osis-IDF Municipality”, to the same buyer in August 2021.

Veolia also sold their mobile water treatment plant division to the local company Societe d’Amenagement Urbain et Rural SA (SAURSA) for €190M.

Water management and environmental companies are also main actors for consolidation in sewerage and wastewater management

The Seché Environnement group, in addition to the transaction mentioned above, completed the acquisition of a network of eight sewerage maintenance operational centres known as “Agency Osis-IDF Municipality” in August 2021, also acquired from Veolia.

For its part, Remondis, in addition to several other operations in the industrial services and waste management sectors, acquired the

German waste and wastewater management specialist IAA Ingenieurgesellschaft fuer Abfall und Abwasser mbH & co KG in January 2022.

Other companies making expansionary moves include the American group Subsea Corporation that bought SRN Group Diving & ROV Underwater Services, the Belgian expert in underwater cleaning services through the use of remotely operated vehicles.

Another Belgian company, Groep Verhelst, focused on industrial cleaning, asbestos removal, demolition, and water removal, acquired the French company Helfaut Travaux in July 2021.

In local markets, sustained activity was also seen. In Spain, Dominion started an environmental services division after its acquisition in June 2021 of a majority stake in the petrochemical tank cleaning company Tankiac, which will join Ditecsa Limpiezas Industriales, the industrial cleaning company that Dominion acquired in 2018.

Another interesting transaction is the one carried out by Portugal's Bondalti Capital, a manufacturer of organic and inorganic chemicals (chlorine derivatives, aniline, and aluminum salts). It acquired Aguas Alfaro in May 2021, a company

that designs, builds, operates and maintains facilities for the treatment of process water and wastewater, which is highly complementary to its water treatment chemicals business.

Completing this summary of corporate deal activity in the European industrial cleaning and sanitation sector are two other local operations. In Switzerland, the Marquis AG group acquired Gebr. Steiner AG in June 2021. Both companies are involved in the cleaning and sanitation of sewers and pipelines. In France, a group of private investors acquired in July 2021 the industrial and conventional cleaning company Nocéa Propreté et Services, with 600 employees and a turnover of €10 million.

The sector has been and remains active, and consolidation will continue.

Source: Mergermarket



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