

## WASTE MANAGEMENT BUYS OAKLEAF

BY THOMAS ZADVYDAS

Houston trash disposal and recycling service company Waste Management Inc. said Thursday, July 28, that it has acquired disposal logistics software outsourcing company Oakleaf Global Holdings Inc. from New Mountain Capital LLC for \$425 million.

“We substantially increase our national accounts customer base and further enhance our ability to provide comprehensive, best-in-class environmental solutions,” said Waste Management chief executive and president David P. Steiner of the deal, in a statement. “Oakleaf’s vendor hauler network expands our service footprint to new geographies and enhances customers’ one-stop shopping for environmental solutions.”

Windsor, Conn.-based Oakleaf, founded in 1995, generated approximately \$580 million in revenue for 2010. Waste Management expects to generate about \$80 million in Ebitda on an annual basis when the target is fully integrated, which should take between three to six months.

Oakleaf, a grouping of five waste management and recycling companies in Tampa, Fla., Alpharetta, Ga., Toronto, Vancouver, British Columbia, Calgary and Edmonton, Alberta, currently services over 500 major customers at more than 85,000 locations. About 95% of Oakleaf’s revenues are derived from recurring, multiyear contracts with blue chip companies including Wal-Mart Stores Inc., Sears Holdings Corp., Gap Inc. and General Electric Co., among others. It employs about 650 people.

A source familiar with the deal said that New Mountain Capital will in fact keep one of Oakleaf’s companies, Tampa, Fla.-based door-to-door trash collection service Valet Waste, considered the most profitable, highest growth part of the

overall business. The source said Valet had about a third of the earnings power of the entire target. The source declined to provide exact earnings figures.

New York buyout shop New Mountain Capital found Oakleaf as an investment candidate as part of a investigation into its sector begun in early 2006. The firm said it made a significant investment in the company in August 2007 from its New Mountain Partners II, LP and New Mountain Partners III LP funds. The Deal reported in March 2008 that the investment was about \$400 million.

New Mountain Capital bought the company from New York private equity shop Charterhouse Group Inc. and other unnamed shareholders in 2007.

New Mountain Partners III LP had over \$5.1 billion in commitments when it closed in March 2008. New Mountain Partners II closed with about \$1.5 billion in commitments in 2004.

Separately, Waste Management reported financial results for the second quarter ending June 30. Net income for the quarter was \$237 million, or \$0.50 per diluted share, compared with \$246 million, or \$0.51 per diluted share, for the second quarter of 2010, a 3.6% decrease. Revenues for the second quarter of 2011 were \$3.35 billion compared with \$3.16 billion for the same period last year, an increase of 6%.

The buyer was formerly known as USA Waste Services Inc. and changed its name to Waste Management Inc. in 1998. Its shares closed down 7.97%, to \$32.68, on Thursday.

Neither Oakleaf or New Mountain Capital returned calls Thursday. Waste Management declined comment.

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