Waste Management & Remediation Services

US Industry Study with Forecasts for 2015 & 2020

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Gains will be driven by improved economic activity, increasing amount of waste generated, stricter environmental regulations and increasing adoption of recycling programs.

US demand to grow 4.4% annually through 2015

Waste management and remediation revenues are projected to advance 4.4 percent annually to more than $100 billion in 2015. Growth in revenues will result from increasing population and projected economic expansion, which will spur new business formation, renewed construction activity and improved activity across the broader economy, all of which will lead to an increase in the amount of waste generated. Stricter environmental regulations and increasing adoption of recycling programs will also lead to growth in revenues, particularly in remediation and material recovery services. Moderating influences will include “zero waste” and other source reduction initiatives.

Waste collection to remain dominant service

Waste collection, which accounted for 58 percent of revenues in 2010, will continue to be the largest contributor to industry revenues, reflecting increasing waste generation volumes and rising fuel and labor costs. The vast majority of this waste is generated by individuals and is collected by either government employees or third party contractors. The shift to the latter will continue, as government entities continue to privatize government functions, including waste collection. Waste collection revenues will increase 4.1 percent annually to $58.5 billion in 2015.

Remediation revenues are forecast to increase 5.9 percent annually to $19.2 billion in 2015. Revenue growth will be spurred by increasingly strict environmental regulations governing the remediation of industrial “brownfields,” as well as continued removal or encapsulation of such toxic substances as lead paint, asbestos and mold in both residential and nonresidential structures. In addition, the clean-up of sites contaminated with radioactive waste, military installations which are contaminated with munitions and toxic chemicals, and remediation following natural disasters and other emergencies will also contribute to revenue growth. Remediation services accounted for 18 percent of industry revenues in 2010.

Material recovery, other services to grow fastest

Material recovery and other waste management services are projected to expand 7.3 percent annually to $4.7 billion in 2015. Revenue growth will result from increasing adoption of recycling programs and the expansion of material recovery services into materials other than traditional recycled materials. Many waste service providers are looking for ways to create new revenue streams, such as the composting of organic wastes like yard trimmings, wood and paper waste and food scraps to create biofuels, compost and mulch.
government markets are projected to generate $34.3 billion in 2015. Revenue gains will result from increasing population, household formation, new business establishment, growth in the overall economy and rising fuel and labor costs, which will be passed through to consumers. The most rapid growth in revenues will be posted in remediation and material recovery services, while waste collection and treatment and disposal services lag the average.

This market includes local, state and federal government customers and encompasses services related to a government’s own generation of waste and to services arranged through a government unit on behalf of other waste-generating parties (e.g., municipal garbage collection for residences within a particular jurisdiction). Government demand for waste management and remediation services includes the value of services provided directly by government units, using public employees and government-owned equipment, as well as the value of services purchased from third party contractors who then perform such services on behalf of a government unit.

The expense of maintaining in-house waste management services can be significant, resulting in an increasing percentage of government demand being met by third party firms. Efficiency and economies of scale are key variables in this decision process for local and state governments. Furthermore, the complexity and cost of meeting regulatory guidelines is also shifted from municipalities and other governments to third party providers. Most of the government market’s demand (over two-thirds of revenues in 2010) is handled by third party service providers, not internal operations.
Stericycle Incorporated
28161 North Keith Drive
Lake Forest, IL  60045
847-367-5910
http://www.stericycle.com

Revenues:  $1.4 billion (2010)
Employment:  9,080 (2010)

Key Services:  regulated medical, pharmaceutical and other waste collection, transportation, processing and disposal services

Stericycle is a provider of regulated waste management and related services in the United States, Mexico, the United Kingdom, Ireland, Portugal, Romania, Chile and Argentina. The Company operates via two geographical segments: United States and Foreign Countries.

The Company participates in the US waste management and remediation services industry through the United States segment, which generated revenues of $1.1 billion in 2010. The segment primarily encompasses Stericycle’s domestic regulated medical waste management services and domestic returns management services for pharmaceutical waste. As of year-end 2010, the Company served 485,000 customers worldwide, including 13,000 large-quantity generators such as hospitals, blood banks and pharmaceutical manufacturers; and over 472,000 small-quantity generators, which encompass outpatient clinics, medical and dental offices, long-term and sub-acute care facilities, veterinary offices, municipalities and retail pharmacies. Specifically, for large-quantity generators of regulated waste, the Company provides BIO SYSTEMS sharps management services to reduce the risk of needle sticks; infection control products and services; and regulated returns

“Waste management and remediation services revenues in the Pacific subregion are projected to increase 4.3 percent per year to $17.4 billion in 2015. Advances will be supported by solid growth rates for population and economic activity. The Pacific market was ranked first in the nation in terms of per capita spending on these services in 2010, indicating a level of market maturity. Nevertheless, opportunities for revenue growth will ...”

--Section V, pg. 179
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