

Veolia announces an agreement to sell Suez's UK waste business to Macquarie for €2.4bn

3 years ago



Veolia announces the execution of a unilateral put agreement whereby Macquarie Asset Management irrevocably undertakes to acquire 100% of the share capital of Suez¹ Recycling and Recovery UK Group, regrouping Suez waste activities in the UK. The sale proceeds will amount to approximately €2.4 billion.

The completion of this transaction allows to effectively address the main concerns of the UK Competition and Markets Authority (CMA). It remains subject to the CMA's approval and to the right of first refusal granted by Veolia to the new Suez at the time of the combination in 2021.

Following completion of this antitrust remedy, Veolia will remain a major player in the UK waste management market with revenues of approximately €2 billion.

The valuation level of the sale, showing a multiple of 16.9x normalized EBITDA 2021, is significantly higher than the acquisition price resulting from the takeover bid. This price level immediately crystallizes the value of all the synergies then contemplated.

After the disposal of the remedies agreed with the European Commission and the signature of the agreement with Macquarie Asset Management, almost all of the antitrust divestitures will have been finalized less than a year after the acquisition of Suez and on the basis of an average multiple of 15x 2021 EBITDA, confirming the very high attractiveness of the assets acquired in connection with the combination with Suez.

All of these disposals, amounting €3.4 billion, and in particular this latest transaction, will bring the Group's debt leverage significantly below 3x. This will give Veolia additional investment capacity to finance growth in high value-added markets.

“We are very satisfied with this transaction, which is being carried out under excellent conditions that once again demonstrate the attractiveness of the environmental services business and the relevance of our proposal for remedies to the CMA.

“It will create significant value and strengthen our investment capacity in strategic markets. The valuation of these assets reflects both the initial price and the synergies expected from the combination, in line with all of the disposals carried out in the frame of the antitrust clearances, which are higher than the acquisition price of Suez,” commented Estelle Brachlianoff, Chief Executive Officer of Veolia.

“Following this transaction, Veolia will remain a major player in the waste sector in the United Kingdom and, more broadly, in the environmental services market in the region, which remains strategic for the Group.”

¹ *Suez SA, the subject of Veolia Environnement’s takeover bid, was renamed Vigie.*

Image credit: Veolia