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Roark pumps \$105M into GFL

By Jim Johnson

An Atlanta-based private equity firm is making another huge push into the solid waste management business.

Roark Capital Group is investing \$105 million in GFL Waste & Recycling Solutions Corp. of Pickering, Ontario, in a



Keenan

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Atlanta-based private equity firm Roark Capital Group is making a big investment in GFL Waste & Recycling Solutions of Pickering, Ontario. GFL's solid waste operations are in Toronto and southern Ontario, where it operates 170 trucks.

Roark

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move that will help fuel growth.

That follows a previous \$100 million Roark investment in Waste Pro USA Inc. of Longwood, Fla., in 2009.

GFL has locations in Ontario, Manitoba, Alberta and British Columbia, including four hauling companies, five solid waste transfer stations, eight liquid waste storage and treatment facilities and one soil remediation site.

The company serves more than 400,000 residences and 8,000 businesses.

Patrick Dovigi, founder and CEO at GFL, said access to the additional cash will allow his company to consider growth opportunities. But that was not the most important aspect of the investment.

"From my perspective, the

business has always been well funded. Our debt level has always been manageable. We were looking for a partner who not only could bring us capital, which we had, we wanted someone who had a lot of expertise, industry knowledge, that could help us grow the business to the next level," Dovigi said.

"The cash was sort of secondary. It was more the knowledge of the team and [Roark President Jeffrey Keenan] that sort of led us to Roark," he said.

Roark, meanwhile, liked what it saw in GFL's management team and scope of services.

"We love the management team. We think Patrick has built a terrific company. So we like the management team. We always start with the quality of management. They provide a terrific, broad base of service for their customers. They have a good reputation for customer service, and based on that they have been growing well," said Keenan, who joined the GFL board of directors. Keenan previously co-founded

and served as chairman of IESI Corp., another solid waste management company, before that company merged with BFI Canada.

GFL's solid waste operations are in Toronto and southern Ontario where the company operates 170 trucks. The company also has liquid waste operations from British Columbia to Ontario, handling a wide variety of liquids, including oily waters, solvents, glycols and waste oils.

And GFL operates a business in Ontario that treats construction site excavation soils contaminated with hydrocarbons.

GFL — short for Green for Life — was formed in 2007 and includes subsidiaries National Waste Services, which handles solid waste; and Enviro West Inc. and Direct Line Environmental Corp., which both handle liquid wastes.

GFL has enjoyed annual growth of between 40% and 50% annually since its founding and Dovigi sees more of the same in the future.

"We're sitting on a whole bunch of cash. We don't really have much leverage. So we're just sitting waiting for opportunities," he said. "From our perspective, we're going to continue our disciplined approach of growing through acquisition and various projects of organic growth.

"We're going to continue marching on. We don't have the money specifically earmarked for anything. We just want to be in a position that if an opportunity does present itself, we want to be able to pounce on it," the CEO said.

But do not expect GFL to snap up just any business.

"We're all about buying the right stuff. We're not going to spend money just to spend money. We're going to find stuff that's strategic to us and fits into our model," he said.

Growth, for now, will involve opportunities within the company's current geographic footprint. But Dovigi did say the company could look to the United States in the future. "We want to

maximize our existing service areas and then move south," he said.

While Roark is committing \$105 million to GFL, the company is only receiving \$60 million now. The other \$45 million will be available for growth opportunities as they develop in the future.

"The company's balance sheet is incredibly healthy right now. The company has very, very modest leverage. Therefore, they didn't need more," Keenan said.

While this is Roark's second major investment in the waste sector, don't expect it to be the last.

"We think there are all kinds of incredibly good opportunities out there in both solid and liquid waste and we are absolutely pursuing them," Keenan said.

Roark joins Genuity Capital Partners of Toronto as a private equity investor in GFL. ■

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