

Haulers continued to enjoy markets in second quarter

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Waste Management and other North American waste and recycling haulers saw rising revenues in the most recent quarter. | Dan Leif/Resource Recycling, Inc.

North America's largest haulers all reported substantial year-over-year recycling boosts during the second quarter, although revenue numbers cooled somewhat from earlier in the year.

Waste Management (WM), Republic Services, GFL Environmental, Waste Connections and Casella Waste Systems reported their recycling operations enjoyed year-over-year revenue increases of 18%, 10%, 10%, 63% and 46%, respectively.

That growth was generally less than during the first quarter, when high commodities prices [drove revenues and profits](#) for the companies. As the Northeast Recycling Council (NERC) [found in its second-quarter survey](#) of MRFs, the blended average value of a ton of recyclables was up in the second quarter but, on a year-over-year basis, the increase wasn't as dramatic as during the first quarter of 2022.

"The year-over-year favorable trend moderated in the second quarter of 2022 as compared with the first quarter of 2022," according to a quarterly financial report from WM, the largest garbage and recycling company on the continent. "We currently expect the year-over-year pricing comparison to be slightly lower for the remainder of 2022 due to the strong pricing we experienced in the second half of 2021 when we saw demand for recycled materials outpacing supply."

More recently, the [August pricing survey from RecyclingMarkets.net](#) showed a huge collapse in prices for some key recyclables, including mixed paper, PET and other plastics.

The following are recycling-related financial results for the top five publicly traded garbage and recycling companies in the second quarter of 2022:

Waste Management

The company's recycling business brought in \$468 million in revenue during the second quarter, up 18% year over year.

According to its [quarterly report](#), WM attributed the recycling revenue increase mostly to higher prices for recyclables. During the second quarter, average market prices for recovered commodities at WM MRFs were 30% higher than the year-prior period, the report notes.

During a [July 27 conference call](#) with investors, John Morris, WM's chief operating officer, said the company's blended average commodity price was \$131 per ton in the second quarter. The company is anticipating a full-year average of about \$125 per ton.

According to a press release, WM's recycling profits were also higher during the second quarter. The recycling business operating earnings before interest, tax, depreciation and amortization (EBITDA) increased by \$5 million year over year.

In the [press release](#), Jim Fish, WM's president and CEO, also noted the company finished upgrades at its Houston MRF during the second quarter. WM is upgrading its MRFs with sorting technologies, allowing the facilities to operate with fewer employees and generate cleaner commodities.

It was the sixth MRF that WM has redesigned recently, Fish said during the conference call.

"Our advanced technology MRFs are yielding tangible benefits, resulting in about a 30% labor cost savings per ton compared to the rest of the single-stream network," he said, later adding that the rebuild of WM's Salt Lake City MRF resulted in about a 50% reduction in labor. "In the second half of the year, we expect to open two additional advanced technology recycling facilities and enter a new recycling market, keeping us on track to meet our recycling investment goals."

Recycling now brings in 9% of WM's operating revenue. Overall, WM tallied revenue of \$5.03 billion during the second quarter, up 12% year over year.

Republic Services

The company's recycling business tallied nearly \$114 million in revenue during the second quarter, up 10% year over year.

According to the company's [quarterly report](#), the average price of recovered commodities (excluding glass and organics) was \$218 per ton during the second quarter, up from \$170 during the second quarter of 2021. It was also up from \$201 during the first quarter of 2022, according to a [press release](#).

Republic also [recently published](#) its 2021 sustainability report, which noted the company's 9% reduction in operational greenhouse gas emissions compared with a 2017 baseline figure. Last year, the company's 71 MRFs processed 5 million tons of recyclables. By weight, 84% of the recyclables sold by Republic last year were fiber.

Recycling now accounts for 3% of Republic Services' operating revenue. The company reported total revenues of \$3.41 billion during the second quarter, up 21% year over year.

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Nearly half of that increase was from acquisitions that closed since the start of the second quarter of 2021.

For example, Republic Services closed on its \$2.2 billion purchase of US Ecology on May 2, 2022. US Ecology does some recycling of some special waste streams, but the company's revenue will be reported under Republic's "Environmental Solutions" business, not the recycling business.

GFL Environmental

The company's recycling business brought in revenue of 94 million Canadian dollars (about \$73 million; all dollars below in U.S.) during the second quarter, up 10% year over year, according to a [quarterly report](#).

The company's recycling operations are part of its larger solid waste division, which is divided between U.S. and Canadian operations.

The Canadian solid waste division revenue in the second quarter increased over \$66 million, compared with the second quarter of 2021, according to a [management discussion document](#). Of that increase, nearly \$32 million came from acquisitions, over \$22 million came from price and surcharge increases, nearly \$8 million from higher overall volumes, and over \$4 million from higher selling prices for recyclables generated by company MRFs.

The U.S. solid waste division's revenue in the second quarter was up by over \$176 million compared with the prior-year period. Of that increase, \$83 million came from acquisitions, \$54 million from price and surcharge increases, \$25 million from a weakening of the value of the Canadian dollar against the U.S., \$12 million from volume increases, and over \$2 million from higher recyclables sales prices.

Recycling now makes up less than 6% of GFL's operating revenue. Overall, the company brought in 1.71 billion Canadian dollars (about \$1.32 billion) in revenue during the second quarter, up 40% year over year. Much of that was due to acquisitions, however.

Casella Waste Systems

Casella's Resource Solutions division, which includes its recycling operations, pulled in nearly \$82 million in revenue during the second quarter, up 46% year over year.

The Resource Solutions division includes larger-scale recycling and commodity brokerage operations, organics services and large-scale commercial and industrial services.

The second-quarter Resource Solutions revenue was up by nearly \$26 million, compared with the second quarter of 2021. Of that increase, over \$17 million came from acquisitions; nearly \$6 million from high non-processing revenues from higher volumes on organic business growth, favorable pricing and increased fees; and over \$3 million from higher values for recyclables processed, according to the company's [quarterly report](#).

Casella also reports profits and losses in its different businesses. Resource Solutions tallied income of over \$6 million in the second quarter, up 68% year over year.

In a July 29 conference call with investors, Ned Coletta, Casella's chief financial officer, noted that the company enjoyed higher prices for recovered OCC, mixed paper, metals and plastics during the second quarter, but commodity prices have declined by about one-fifth from April through July.

Casella has long used a sustainability recycling adjustment (SRA) fee charged to customers to ensure its recycling business costs are covered. Because of the way the fee is structured, much of the year-over-year increase in commodity prices during the second quarter was passed back to customers in the form of lower fees or higher rebates, Coletta said.

Also during the call, John Casella, the company's chairman and CEO, provided an update on the company's MRF upgrades. Casella is in the process of upgrading its Boston MRF with new equipment, including robotic sorting systems. The facility is expected to be fully operational in the first quarter of 2023.

"This is a nearly \$20 million investment that will drive higher throughput, enhance end product quality and improve operating efficiency, which positions us well to meet the needs of the greater Boston market from a recycling standpoint," Casella [said during the call](#).

The Boston investment will boost throughput by about 35%, reduce its manual sorters, and reduce residue going to landfill, Casella said. He noted the difficulty hiring and maintaining manual sorting positions at MRFs.

The company has also installed new robots at its Ontario County, N.Y. MRF.

"That's a hard spot to recruit for and with the robots we're bringing online at several facilities, we're really seeing great quality of work," he said. "They're working very well. The cost profile is right, and it's allowing us to have a higher-quality stream."

The Resource Solutions business now brings in about 29% of Casella's total operating revenues. Overall, the company tallied revenues of \$284 million during the second quarter, up 31% year over year.

Waste Connections

The company's recycling business brought in nearly \$68 million in revenue during the second quarter, up 63% year over year.

According to Waste Connections' [quarterly report](#), revenue from the sale of commodities from company MRFs increased for several reasons: higher prices for OCC, aluminum, plastics and other paper products; higher volumes collected from commercial customers; and accounting changes related to how the company recognizes certain commodity sales gross of selling and processing expense.

During an [Aug. 3 call with investors](#), Worthing Jackman, the company's president and CEO, said that the average price for OCC in the second quarter was about \$158 per ton.

During the call, Jackman also noted Waste Connections is building two new MRFs, one in Colorado and one in Illinois. The two MRFs will allow the company to internalize the processing of recyclables that Waste Connections is already collecting, "thus having an attractive payback as we avoid third-party processing fees."

Recycling now makes up less than 4% of the company's total operating revenue. Overall, Waste Connections brought in \$1.82 billion in revenue during the second quarter, up 18% year over year.

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By the numbers

The following is a look at key second-quarter 2022 recycling numbers from the five largest publicly traded haulers in North America:

Waste Management

- Q2 recycling revenue: \$468 million
- Q2 revenue change YoY: Up 18%
- Average Q2 commodity price: \$131 per ton
- Q2 recycling EBITDA YoY: Up by \$5 million

Republic Services

- Q2 recycling revenue: \$114 million
- Q2 revenue change YoY: Up 10%
- Average Q2 commodity price (excluding glass and organics): \$218 a ton
- Commodity price YoY: Up 28%

GFL Environmental (converted to U.S. from Canadian dollars on Aug. 9, 2022)

- Q2 recycling revenue: \$73 million
- Q2 revenue change YoY: Up 10%

Casella Waste Systems

- Q2 Resource Solutions (which includes recycling) revenue: \$82 million
- Q2 revenue change YoY: Up 46%
- Q2 operating income: \$6 million
- Operating income YoY: Up 68%

Waste Connections

- Q2 recycling revenue: \$68 million
- Q2 revenue change YoY: Up 63%
- Average Q2 OCC price: \$158 a ton
- OCC price YoY: Up 17%

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