

Water, Wastewater, and Environmental Industry

2025 in Review & 2026 Outlook



Water and Wastewater

**Solutions, Treatment and
Filtration**

Components and Equipment

Services and Remediation



Key Focus Areas

- ❑ Water Subsector Investment Highlights and 2026 Outlook
- ❑ M&A Activity and Top Buyers
- ❑ M&A Transaction Case Studies
- ❑ Public Company Performance
- ❑ Market Drivers

2025 Water Industry Recap

M&A activity across the global water and wastewater sector in 2025 reflected a disciplined but fundamentally healthy market, characterized by reduced transaction volume but sustained strategic and financial sponsor interest. Buyers increasingly prioritized platform-quality assets with clear regulatory tailwinds, technology differentiation, and recurring revenue models.

Despite macro uncertainty, M&A remained anchored by several durable themes:

- Continued consolidation in filtration, treatment equipment, and services
- Strategic emphasis on modular, decentralized, and technology-enabled solutions
- Strong buyer preference for aftermarket, service, and annuity-like revenue
- Infrastructure resilience and compliance acting as valuation support mechanisms

From The McLean Group's perspective, 2025 was not a downcycle—but rather a re-rating year, where capital became more selective and premiums accrued to businesses with clear strategic relevance and defensible growth profiles.

The McLean team tracked a slight uptick from 2025 with 159 transactions in the defined water segment in 2025. The largest transactions on the strategic side were led by American Water (11) and financial sponsor New Mountain Capital (10). Overall, interest in the water segment remains high.



Section 1

Water Subsector Investment Highlights





Selected Investment Themes Across the Water Value Chain

Following a year of market recalibration in 2025, capital across the water sector remains active but increasingly **selective**. Strategic buyers and financial sponsors are prioritizing platforms with regulatory tailwinds, recurring revenue, and defensible market positioning.

As we look toward **2026 and beyond**, several segments of the water economy are emerging as particularly compelling areas for investment and consolidation.

The following pages highlight **selected investment themes within key end markets** across the water sector. These themes are **not exhaustive**, but represent areas where The McLean Group is seeing **heightened buyer interest, platform formation, and strategic activity**.



Residential

Clear roll-up and platform creation opportunities



Commercial

Non-discretionary compliance spend



Industrial

Criticality, compliance, and continuity of operations



Municipal

Long-duration, programmatic investment cycles



Decentralized Wastewater

Cross-segment growth engine



Residential water treatment represents one of the clearest **roll-up and platform-creation opportunities** in the sector, driven by fragmented local dealer bases, aging ownership, and increasing consumer focus on water quality

Core Investment Themes

PFAS-focused point-of-use (POU) filtration with NSF/ANSI certification and subscription-based cartridge replacement

Lead-reduction filtration programs deployed through utilities, schools, and property managers

Whole-home treatment-as-a-service (POE) combining equipment, installation, service plans, and consumables

Dealer roll-ups leveraging route density, centralized operations, and cross-sell into POU and service contracts

Attractive Platform Characteristics



Verified performance + recurring consumables driving predictability



Service density enabling margin expansion post-acquisition



Strong strategic exit interest from OEMs and home-services platforms

TMG Perspective

*Residential platforms with **strong technician density, subscription penetration, and CRM discipline** are best positioned for multiple expansion and strategic exits to OEMs or home services platforms.*



The commercial and foodservice segment benefits from **non-discretionary compliance spend**, highly fragmented service providers, and customers increasingly favoring outsourced, documented water management programs.

Core Investment Themes

Building water safety & Legionella compliance platforms (HVAC, cooling towers, potable systems)

Water efficiency, reuse, and optimization for hospitality, healthcare, campuses, and car wash portfolios

Foodservice filtration, scale control, and FOG compliance with consumables-driven annuities

Attractive Platform Characteristics



Multi-site customers with standardized deployments



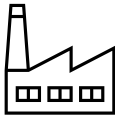
Compliance documentation and digital reporting increasing switching costs



Combination of project revenue + long-term service and consumables

TMG Perspective

Commercial water investments are increasingly attractive where platforms combine compliance expertise, service networks, and consumables-driven recurring revenue.



Industrial water treatment is increasingly defined by **process criticality and environmental compliance**. Industries such as semiconductors, pharmaceuticals, energy, and advanced manufacturing require highly engineered treatment systems and long-term service support.

Core Investment Themes

High-purity water (UPW) and reuse systems for semiconductors, data centers, batteries, pharma, and specialty chemicals

Produced water recycling and water infrastructure in energy basins

PFAS and emerging contaminant treatment, including residuals management and media replacement

Attractive Platform Characteristics



Long customer lifecycles and high switching costs



Expanding aftermarket and O&M revenue tied to uptime



Regulatory mandates creating multi-year retrofit cycles

TMG Perspective

Industrial water platforms that combine engineered systems, aftermarket services, and regulatory compliance expertise are among the most defensible investments in the sector.



The U.S. municipal water sector is entering a sustained infrastructure investment cycle driven by aging assets, tightening environmental regulations, and federal funding support. Utilities are increasingly partnering with private providers to implement large-scale upgrade programs

Core Investment Themes

Lead Service Line Replacement (LSLR) – turnkey program delivery, inventory, construction, restoration, and compliance

Regulatory-Driven Treatment Upgrades – PFAS and advanced compliance systems with strong aftermarket dynamics

Non-Revenue Water (NRW) Reduction & Smart Infrastructure – AMI, leak detection, analytics, and managed services

Attractive Platform Characteristics



Utilities increasingly prefer scaled, integrated providers



Recurring service, media replacement, and SaaS models improve visibility



Fragmentation supports consolidation and platform build-outs

TMG Perspective

Municipal infrastructure investments benefit from long-duration programs, strong regulatory drivers, and increasing utility reliance on private sector expertise upgrade programs.



Decentralized wastewater systems are gaining adoption as communities face sewer capacity constraints, rising infrastructure costs, and water reuse goals. These systems serve residential developments, commercial properties, and small municipalities

Core Investment Themes

Advanced onsite systems with required inspections and O&M

Clustered/package plants for developers and small municipalities

Building-scale reuse aligned with NSF/ANSI 350 standards

Attractive Platform Characteristics



Recurring compliance-driven revenue



Integrated lifecycle capabilities



Regional density and developer relationships

TMG Perspective

The most attractive decentralized wastewater platforms combine equipment manufacturing, permitting expertise, monitoring technology, and lifecycle services.

Select Recent McLean Transactions



Decentralized wastewater solutions sit at the intersection of municipal, commercial, residential, and developer-driven demand, benefiting from sewer constraints, reuse adoption, and regulatory pressure



- Filtra Systems (a subsidiary of Chickasaw Nations Industries) a leading industrial fluid separation and purification company acquired by Komline Sanderson
- Transaction will expand Komline's membrane product portfolio to include emerging mobile PFAs treatment as well access to extensive 20,000 customer installation base



- Regional high purity water service company Simply Clean Air and Water acquired by Xylem (NYSE: XYL)
- Transaction strengthens Xylem's service capability and extends Xylem's presence in key life science and pharma markets in the northeast U.S. while capturing numerous backroom synergies



- The Texas Water Company ("TWC"), a H2O America (NASDAQ: HTO) utility, to acquire the Cibolo Valley wastewater treatment plant and associated collection systems of South Central Water Company ("SCW")
- Transaction will expand TWC's service footprint in the Texas Hill Country by adding over 1,500 new wastewater connections

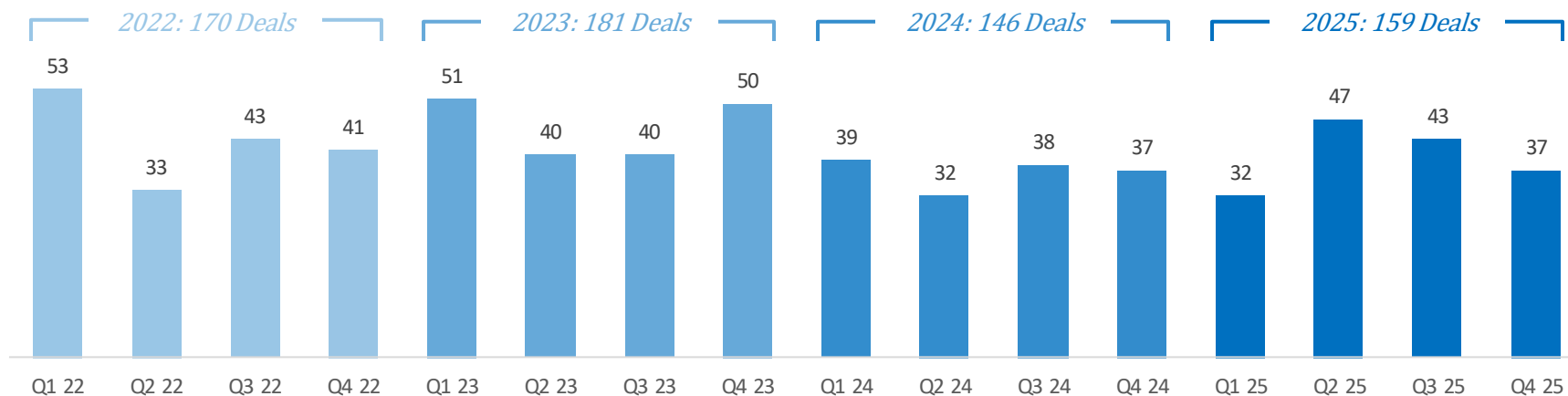


Section 2

M&A Activity, Top Buyers, and Transaction Case Studies



Transactions by Quarter



2025 Top Acquirers



Commentary

Water transaction activity remained steady in 2025 driven by sustained financial sponsor and strategic buyer interest. American Water remained the most active strategic acquirer in 2025, while private equity sponsor New Mountain Capital topped the financial buyer charts through platform companies Azuria Water Solutions and Consor. Private equity activity was dominated by smaller roll-up transactions rather than large platform acquisitions.

Source(s): S&P Capital IQ



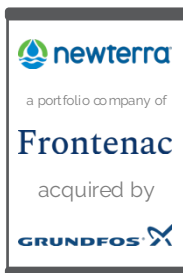
Transaction Details

Apollo and BC Partners acquired a 56% stake in the Environmental Services business of GFL, which provides industrial and waste management services across a range of end markets. The transaction allows GFL to delever its balance sheet as it pursues and investment-grade credit rating, while Apollo and BC Partners will look to accelerate the business' growth on a standalone basis.

Date: 03/01/2025

EV: \$8.0B

EV/EBITDA: NA



Transaction Details

Danish company Grundfos acquired Newterra, a portfolio company of Frontenac and provider of water and wastewater treatment solutions. The acquisition enhances Grundfos' ability to provide modular, efficient and scalable water and wastewater treatment systems to customers worldwide and complements its portfolio of comprehensive water treatment solutions.

Date: 08/20/2025

EV: NA

EV/Revenue: NA



Transaction Details

American Water Works Company (NYSE: AWK) and Essential Utilities (NYSE: WTRG) announced plans to merge and create a ~\$63B enterprise value water and wastewater public utility. The combined entity would have a ~\$29.3B rate base as of the end of 2024 and expects to benefit from enhanced scale and operational efficiency as it continues to invest in critical infrastructure.

Date: 10/27/2025*

EV: \$20.2B

EV/EBITDA: 15.2x



Transaction Details

Parker-Hannifin Corporation (NYSE: PH) agreed to acquire Filtration Group, a portfolio company of Madison Industries and designer and manufacturer of filtration products, for \$9.25B. The acquisition adds complementary filtration technologies to Parker-Hannifin's portfolio, expands its presence in Life Sciences, HVAC/R, and In-Plant and Industrial market verticals, and adds significant aftermarket sales to Parker-Hannifin's revenue mix.

Date: 11/11/2025*

EV: \$9.3B

EV/EBITDA: NA



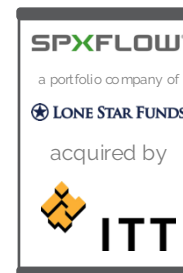
Transaction Details

A.O. Smith (NYSE: AOS) agreed to acquire Leonard Valve, a portfolio company of Bessemer Investors and designer and manufacturer of water temperature control valves and monitoring devices, for \$470M. The acquisition Establishes a new growth platform in the fast-growing water management category, expanding A. O. Smith's presence within the mechanical room and complementing its core water heater and boiler businesses.

Date: 11/12/2025*

EV: \$470M

EV/EBITDA: NA



Transaction Details

ITT (NYSE: ITT) agreed to acquire SPX Flow, a portfolio company of Lone Star Funds and provider of highly engineered equipment and process technologies, for \$4.8B. The acquisition expands ITT's position in highly engineered components and adjacent flow technologies for its core industrial, chemical, and energy markets, adds to ITT's portfolio of branded industrial equipment and flow technologies, and adds more than 3,800 employees.

Date: 12/05/2025*

EV: \$4.8B

EV/EBITDA: 16.1x

Source(s): S&P Capital IQ, BC Partners, Grundfos, American Water, Parker-Hannifin, A.O. Smith, ITT

*Announced

Select 2025 Transactions



Closed Date	Acquirer(s)	Target(s)	Target Description	EV (\$M)	Enterprise Value / Revenue	Enterprise Value / EBITDA
01/27/2025	Aquarion Water Authority	Aquarion Water Company, Inc.	Serves over 700,000 people across New England as a public water supply company	2,400	NA	NA
02/03/2025	Godspeed Capital	InSite Engineering, LLC	Develops, plans, designs, and permits water and wastewater projects	NA	NA	NA
03/01/2025	Apollo; BC Partners	GFL Environmental Services Inc.	Provides industrial and waste management services	8,000	NA	NA
03/20/2025	Kingspan Holdings	Nordic Waterproofing	Offers waterproofing products and services for buildings and infrastructure	5,086	1.2x	11.6x
04/14/2025	Lea & Eddy Holdings, LLC	Accelerated Water Resources, LLC	Operates as a water source and transfer company	180	NA	NA
04/25/2025	Hawkins, Inc.	Assets of Surplus Management, Inc.	Delivers sustainable water treatment solutions throughout the United States	204	NA	20.4x
06/09/2025	Honeywell International Inc.	Sundyne LLC	Manufactures centrifugal pumps and compressors	2,160	NA	14.5x
06/30/2025	Veolia Environnement SA	Veolia WTS	Designs, manufactures and markets filtration, separation and fluid processing equipment	5,833	1.6x	11.4x
07/07/2025	Alfa Laval	Cryogenics Business of Fives S.A.S.	Develops cryogenic heat transfer and pump technologies	800	4.0x	NA
07/08/2025	H2O America	Quadvest, L.P.	Operates in the Houston metro area as a regulated water and wastewater utility	484	NA	NA
07/23/2025	Xylem Inc.	Enviromix, LLC	Provides mixing technology solutions for water and wastewater processes	NA	NA	NA
07/29/2025	Baker Hughes Company	Chart Industries, Inc.	Designs and manufactures process technologies for gas and liquid molecules	13,086	3.0x	12.8x
08/20/2025	Grundfos Holding A/S	Newterra Corporation, Inc.	Designs, manufactures, and services water and wastewater treatment systems	NA	NA	NA

Source(s): S&P Capital IQ
*announcement date

Select 2025 Transactions (Continued)

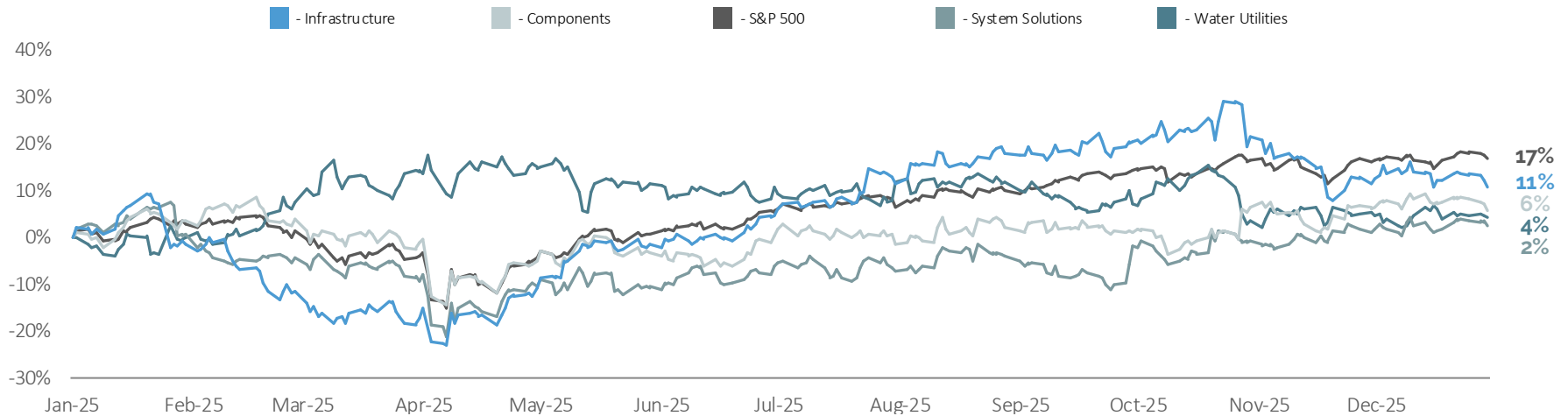


Closed Date	Acquirer(s)	Target(s)	Target Description	EV (\$M)	Enterprise Value / Revenue	EBITDA
08/22/2025	Rochester Midland Corporation	Decon Water Technologies, LLC	Provides wastewater treatment services	NA	NA	NA
09/02/2025	Valicor Environmental Services	ECO-FIRST, Inc.	Provides waste and wastewater management services	NA	NA	NA
09/05/2025	United Flow Technologies	Sydnor Hydro, Inc.	Specializes in groundwater and wastewater systems and products in the United States	NA	NA	NA
09/18/2025	Pentair plc	Hydra-Stop LLC	Manufactures water control equipment	290	NA	NA
10/24/2025	Kemira Oyj	Water Engineering, Inc.	Provides industrial water treatment chemicals, consultation, and services	150	NA	NA
10/27/2025	American Water	Essential Utilities, Inc.	Operates regulated utilities that provide water, wastewater, and natural gas in the U.S.	19,093	8.0x	14.3x
10/30/2025	Komline-Sanderson Corporation	BI Pure Water (Canada) Inc.	Provides water and wastewater treatment systems	NA	NA	NA
11/03/2025	Apex Companies, LLC	Forsgren Associates Inc.	Provides civil engineering and surveying services	NA	NA	NA
11/11/2025	Parker-Hannifin Corporation	Filtration Group Corporation	Designs and manufactures filtration products	9,250	NA	NA
11/17/2025	Ardurra Group, Inc.	MKN & Associates, Inc.	Designs water and wastewater systems for municipalities and government agencies	NA	NA	NA
11/17/2025	Watts Water Technologies, Inc.	Superior Boiler Works, Inc.	Designs and manufactures customized steam and hot water boilers	NA	NA	NA
11/21/2025	Veolia Environnement SA	Clean Earth, Inc.	Provides waste remediation, disposal, recycling, and beneficial reuse solutions	3,040	NA	NA
12/05/2025	ITT Industries Holdings, Inc.	SPX FLOW, Inc.	Manufactures and supplies industrial equipment	4,775	3.6x	16.1x

Source(s): S&P Capital IQ
*announcement date



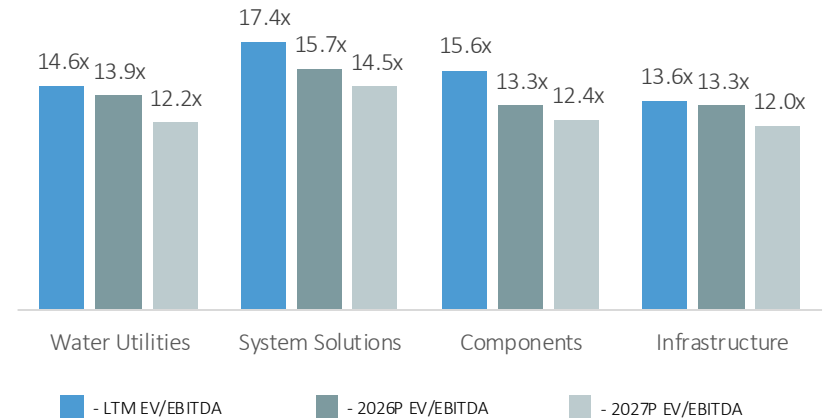
Water Sectors versus the Market



Commentary

- Stock prices dropped sharply across the board in April 2025, coinciding with the Trump administration’s “Liberation Day” tariff announcement and the fear of a rise in input costs that followed
- Increasing water demand for AI datacenters and semiconductor manufacturing facilities throughout 2025 supported stronger long-term forecasts and buoyed stock prices across the Components, System Solutions, and Water Utilities indices
- Aging infrastructure and high capital expenditure requirements to refurbish outdated equipment depressed Water Utilities

EV / EBITDA Multiples



Source(s): S&P Capital IQ, Xylem, American Water Works, California Water Service Group

Public Company Comps



Size and liquidity discounts are required for comparison

	Stock Price 12/31/25	Enterprise Value	2026P			2027P			TEV/2026P		TEV/2027P	
			Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
Water Utilities												
American States Water	72.48	3,702	644	250	39%	675	266	39%	5.75x	14.79x	5.49x	13.90x
American Water Works	130.50	40,596	5,072	2,816	56%	5,354	3,091	58%	8.00x	14.41x	7.58x	13.13x
California Water Service Group	43.33	4,030	1,014	345	34%	1,088	378	35%	3.98x	11.68x	3.70x	10.67x
Consolidated Water Co.	35.29	448	137	27	20%	209	38	18%	3.26x	16.64x	2.14x	11.66x
Essential Utilities	38.36	18,825	2,373	1,253	53%	2,444	1,395	57%	7.93x	15.03x	7.70x	13.49x
Global Water Resources	8.45	360	56	26	47%	61	30	49%	6.43x	13.69x	5.94x	12.12x
H2O America	48.99	3,644	813	330	41%	862	355	41%	4.48x	11.05x	4.23x	10.27x
Average	\$53.91	10,229	1,444	721	41%	1,528	793	43%	5.69x	13.90x	5.25x	12.18x
System Solutions												
A. O. Smith	66.88	9,362	3,977	866	22%	4,117	911	22%	2.35x	10.81x	2.27x	10.28x
Danaher	228.92	178,335	25,509	8,138	32%	27,120	8,949	33%	6.99x	21.91x	6.58x	19.93x
Dover	195.24	28,296	8,527	1,993	23%	8,910	2,128	24%	3.32x	14.20x	3.18x	13.29x
IDEX	177.94	14,653	3,542	952	27%	3,739	1,029	28%	4.14x	15.40x	3.92x	14.24x
Pentair	104.14	18,606	4,357	1,198	28%	4,560	1,285	28%	4.27x	15.53x	4.08x	14.48x
Watts Water Technologies	276.02	8,945	2,574	563	22%	2,698	602	22%	3.47x	15.90x	3.32x	14.86x
Xylem	136.18	34,292	9,346	2,154	23%	9,818	2,346	24%	3.67x	15.92x	3.49x	14.62x
Average	\$169.33	41,784	8,262	2,266	25%	8,709	2,464	26%	4.03x	15.67x	3.83x	14.53x

Source(s): S&P Capital IQ
\$USD, Millions besides Stock Price

Public Company Comps (Continued)



Size and liquidity discounts are required for comparison

	Stock Price 12/31/25	Enterprise Value	2026P			2027P			TEV/2026P		TEV/2027P	
			Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
Components												
Energy Recovery	13.49	654	150	42	28%	166	51	30%	4.35x	15.50x	3.94x	12.91x
Flowserve	69.38	9,717	4,960	843	17%	5,175	902	17%	1.96x	11.53x	1.88x	10.77x
Franklin Electric Co.	95.53	4,425	2,242	360	16%	2,349	NA	NA	1.97x	12.28x	1.88x	NA
Gorman-Rupp	47.75	1,537	714	123	17%	731	127	17%	2.15x	12.53x	2.10x	12.14x
Graco	81.97	13,035	2,345	753	32%	2,489	828	33%	5.56x	17.31x	5.24x	15.75x
Mueller Water Products	23.82	3,773	1,478	359	24%	1,519	369	24%	2.55x	10.50x	2.48x	10.22x
Average	\$55.32	5,523	1,982	413	22%	2,071	455	25%	3.09x	13.27x	2.92x	12.36x
Infrastructure												
AECOM	95.33	14,541	13,125	1,234	9%	12,236	1,343	11%	1.11x	11.78x	1.19x	10.82x
Arcosa	106.32	6,639	2,886	580	20%	3,060	621	20%	2.30x	11.45x	2.17x	10.69x
Clean Harbors	234.48	14,896	6,223	1,231	20%	6,505	1,325	20%	2.39x	12.11x	2.29x	11.25x
EMCOR Group	611.79	27,164	16,751	1,737	10%	17,807	1,876	11%	1.62x	15.63x	1.53x	14.48x
Primoris Services	124.14	7,238	7,522	525	7%	8,079	572	7%	0.96x	13.79x	0.90x	12.64x
Tetra Tech	33.54	9,568	4,205	634	15%	NA	NA	NA	2.28x	15.10x	NA	NA
Average	\$200.93	13,341	8,452	990	14%	9,537	1,147	14%	1.78x	13.31x	1.61x	11.98x
Low	\$8.45	\$360	\$56	\$26	7%	\$61	\$30	7%	0.96x	10.50x	0.90x	10.22x
Mean	\$119.24	\$18,357	\$5,021	\$1,128	26%	\$5,271	\$1,284	28%	3.74x	14.09x	3.57x	12.86x
Median	\$88.65	\$9,465	\$3,214	\$693	23%	\$3,060	\$865	24%	3.40x	14.31x	3.32x	12.78x
High	\$611.79	\$178,335	\$25,509	\$8,138	56%	\$27,120	\$8,949	58%	8.00x	21.91x	7.70x	19.93x

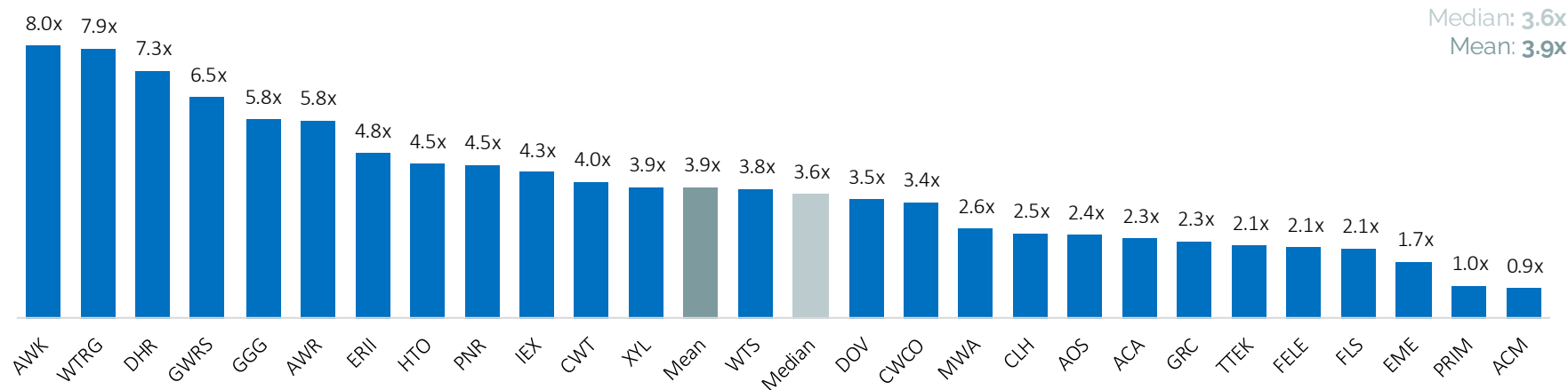
Source(s): S&P Capital IQ
\$USD, Millions besides Stock Price

Public Company Trading Multiples

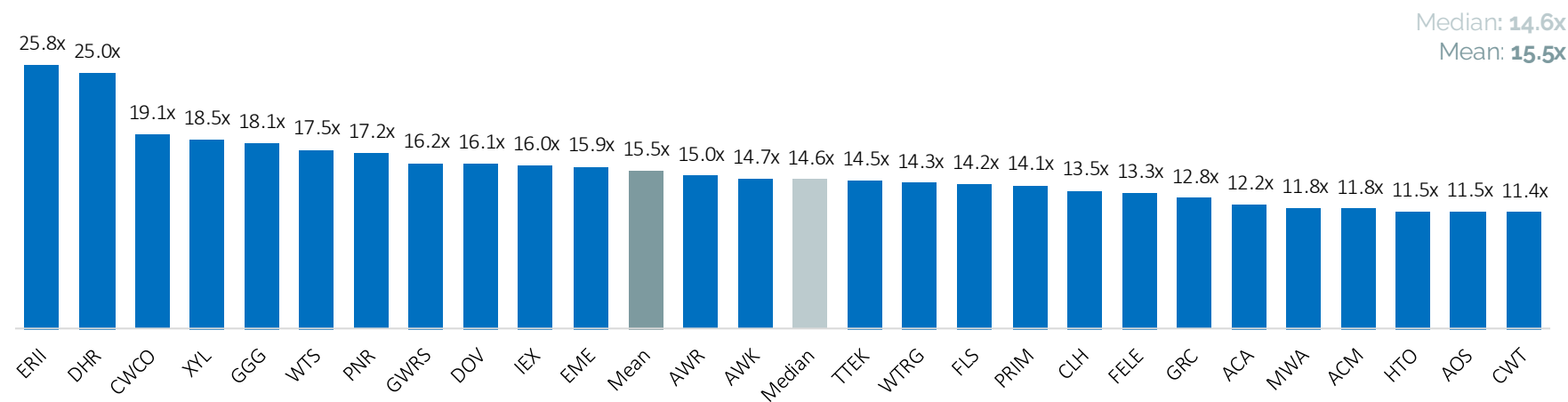


Size and liquidity discounts are required for comparison

LTM Revenue Valuation Multiples



LTM EBITDA Valuation Multiples



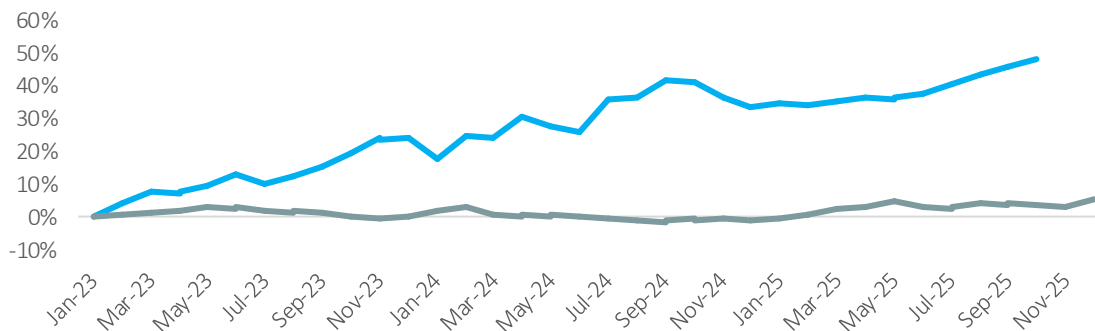
Source(s): S&P Capital IQ

Industry Input Costs



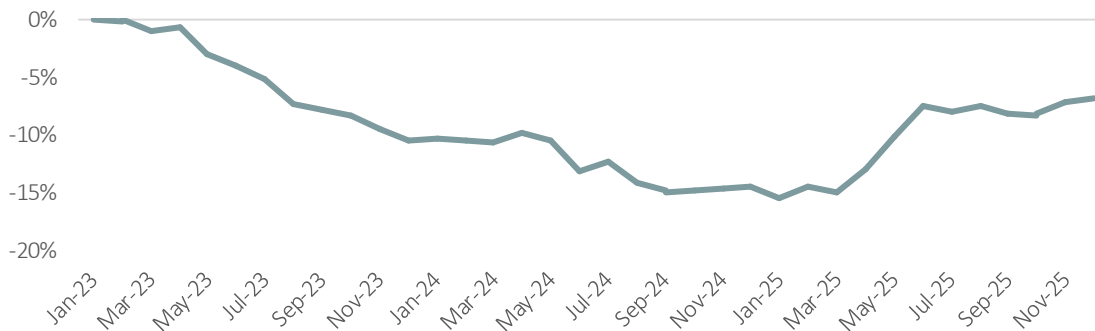
Water Supply Construction Spending

Cost of Materials and Components for Construction



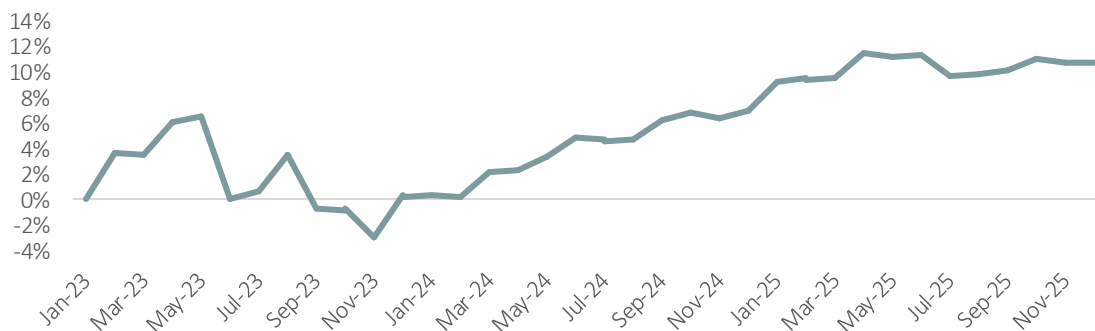
Water supply construction spending outpaced increases in the cost of construction materials, indicating real growth and supporting the theme of growing demand for water resources

Cost of Stainless Steel



Stainless steel prices dropped overall in the historical period but remain threatened by tariffs

Cost of Water Treatment Chemicals



Cost of water treatment chemicals increased rapidly from 2023 driven by global supply chain disruptions, surging energy and transportation costs, and tightening environmental regulations

Source(s): Federal Reserve Economic Data



Expertise

One of the only water sector focused teams in the U.S. that is focused on lower middle markets

- Experienced leadership with **35+ years** of exclusive focus on the sector
- Longstanding **relationships** with key global strategic and financial firms in the sector
- The McLean Group has completed successful M&A and capital transactions with more than **200 deals closed** since 2010
- As an **independent** investment bank, we avoid potential conflicts of interest and can provide honest advice to best support our client

M&A Advisory / Valuations

KEY STATISTICS

200+
Closed Transactions Since 2010

>350
Annual Valuation Clients

>90%
Self-Side M&A Deals

\$75M
Average Transaction Size



Our team is hyper-focused on the water industry and stays in regular contact with interested buyers. Our unique industry-specific expertise and understanding of the technology, trends, and challenges allows us to create value for our clients.

OUR PRACTICE LEADS



Mark Bertler
Managing Director
mbertler@mcleanllc.com
847.226.0793



Mitch Martin
Managing Director
mmartin@mcleanllc.com
703.752.9009



Jackson Faunce
Analyst
jfaunce@mcleanllc.com
703.752.2968



REPRESENTATIVE WATER AND ENVIRONMENTAL EXPERIENCE

 acquired by A Portfolio Company of 	 acquired by 	 acquired by 	 acquired by 	 acquired by 	 acquired by 	 a portfolio company of acquired by a portfolio company of
 Business Valuation	 Strategic Advisory	 acquired by 	 acquired by 	 acquired by 	 Growth Recapitalization by 	 acquired by
 Has received a strategic investment from 	 merged with a company of 	 Purchase Price Allocation	 Business Valuation	 Business Valuation	 acquired by Purchase Price Allocation	 Business Valuation

CONTACT DETAILS



The McLean Group
8260 Greensboro Drive
Suite 350
McLean VA, 22101

www.mcleanllc.com
(703) 827-0200

M&A Advisory Contacts

Mark Bertler

Managing Director

847.226.0793

mbertler@mcleanllc.com

Business Valuation Contacts

Ryan Berry

Managing Director

703.827.0091

rberry@mcleanllc.com

Scott Sievers

Managing Director

703.827.8685

ssievers@mcleanllc.com