Republic Services Inc. (RSG)

Updated August 1st, 2025 by Nikolaos Sismanis

Key Metrics

Current Price:	$231	**5 Year CAGR Estimate:**	5.6%	**Market Cap:**	$72.4 B
Fair Value Price:	$178	**5 Year Growth Estimate:**	10.0%	**Ex-Dividend Date:**	10/02/2025
% Fair Value:	129%	**5 Year Valuation Multiple Estimate:**	-5.0%	**Dividend Payment Date:**	10/15/2025
Dividend Yield:	1.1%	**5 Year Price Target**	$287	**Years Of Dividend Growth:**	21
Dividend Risk Score:	B	**Sector:**	Industrials	**Rating:**	Hold

Overview & Current Events

Republic Services, Inc. is an industry leader and national provider of recycling and non-hazardous solid waste disposal, operating in 41 states. The company holds around 20% market share of the landfill volume in the United States and is only behind Waste Management, which holds around 26%. Moreover, by operating in an industry with increasing consolidation, its position should improve further. The trash-collection industry benefits from predictable cash flows because of its non-cyclical business model. As a result, Republic Services has been able to return capital to its shareholders consistently. The dividend has been growing for the past 20 years, since the first one was declared in 2004. The company generates around $16 billion in annual revenues and is based in Phoenix, Arizona.

On July 28th, 2025, Republic Services raised its dividend by 7.8% to a quarterly rate of $0.625.

On July 29th, 2025, Republic Services posted its Q2 results for the period ending June 30th, 2025. Adjusted EPS came in at $1.77, 9.9% higher than Q2-2024, while revenues increased 4.6% year-over-year to $4.24 billion. Revenue growth was driven by organic growth of 3.1% and a 1.5% contribution from acquisitions. The company did not repurchase any shares during the quarter. At the end of the quarter, the remaining authorized purchase capacity under the company's October 2023 repurchase program was approximately $2.5 billion.

For FY2025, management forecasts revenue to be in the $16.675 billion to $16.75 billion range and adjusted EBITDA to be in the range of $5.275 billion to $5.325 billion. Management also expects adjusted EPS to be in the range of $6.82 to $6.90. We have applied the midpoint of this range in our estimates.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$2.14	$1.79	$3.79	$3.17	$3.34	$3.56	$4.17	$4.93	$5.61	$6.46	***$6.86***	***$11.05***
DPS	$1.16	$1.24	$1.33	$1.44	$1.56	1.66	1.77	1.91	2.06	2.23	***$2.50***	***$3.43***
Shares[1]	350	343	337	327	321	319	319	317	317	315	***313***	***280***

Republic Services' EPS CAGR has been around 13.1% over the past decade, while DPS CAGR has been about 7.5% over the same period. We have set our EPS growth estimate to 10%, to be sustained by organic growth, contractually secured rate hikes, and stock buybacks. The company bought back $203.5 million, $261.8 million, and $480.0 million worth of its stock during 2022, 2023, and 2024, respectively. The current repurchase program authorization stands at $2.5 billion. It represents around 3.4% of the company's current market cap. Hence, EPS is likely to grow by that much from share repurchases alone ceteris paribus. For context, since 2011, the company has retired around 18% of the outstanding shares.

Over the years, contracts are switching to annual rate increases, and Republic is constantly beating and raising its own estimates. Thus, EPS growth is likely to be faster through 2030, though we remain prudent. We also retain our DPS growth estimates at 6.5%, which while below the most recent dividend increase of 7.8%, and should be well-within what the company can afford.

[1] Share count is in millions.

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Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	21.2	25.0	27.1	16.6	26.8	30.2	28.7	26.6	25.0	28.0	***33.6***	***26.0***
Avg. Yld.	2.8%	3.0%	2.0%	2.0%	1.8%	1.8%	1.4%	1.5%	1.5%	1.2%	***1.1%***	***1.2%***

During the last decade, investors have shown a growing appreciation for the steady and dependable cash flows of Republic Services. This has resulted in a rather elevated multiple in recent years. Today, Republic Services' valuation is hovering at a somewhat pricy P/E of 33.6, notably higher than its historical average. We believe that a lower P/E of around 26 is a more suitable one, especially given the current interest rates environment. Hence, shares may be subject to valuation headwinds. Presently, Republic Services is providing a low yield of only 1.1% and we predict that the yield will continue to remain near this level.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	54%	69%	35%	45%	47%	47%	42%	39%	37%	35%	***36%***	***31%***

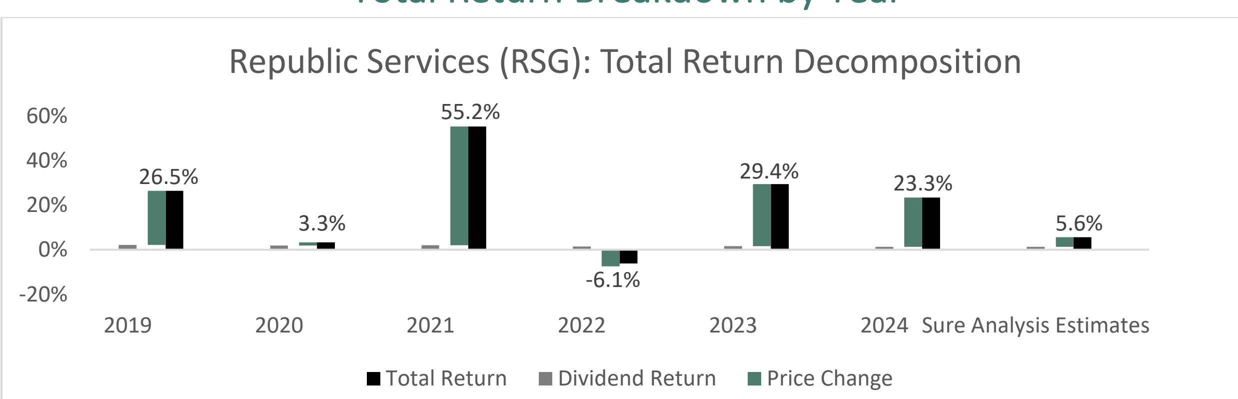
The company's large market share is clear evidence of its competitive advantage. With the three largest operators having captured more than 75% of the industry and continuous consolidation, entry into the market by new competitors is almost impossible. The long-term contracts tied to annual rate increases and Republic Services' robust customer base (which includes municipalities) allow it to operate in an extremely low volatility environment.

Further, the dividend remains very well-covered. It equals just 36% of Republic's projected adjusted EPS. In 2008, during the Great Financial Crisis, the company increased its revenues and also merged with Allied Waste Services to strengthen its market position. During the COVID-19 pandemic in 2020-2021, the company also continued to grow revenues and earnings with ease, due to the nature of its business model. If another recession occurs, the company has enough cash to repeat such strategic acquisitions, continue its dividends, and even buy back more shares. The recently announced acquisition of Ecology is great example of Republic executing strategic M&A to grow its market share and achieve operating synergies.

Final Thoughts & Recommendation

Republic Services appears to be a safe investment option considering its stability, robust cash flows, and consistent return of capital to shareholders. The company should shine in times of uncertainty and during wild market swings, exhibiting its quality and low-volatility characteristics. We forecast annualized returns of 5.6% through 2030, which we expect to be powered by earnings growth of 10% and a starting dividend yield of 1.1%, offset by the possibility for a 5.0% annual valuation headwind. The stock earns a hold rating.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	$9,115	$9,388	$10,042	$10,041	$10,299	$10,150	$11,300	13,510	14,960	16,030
Gross Profit	$3,596	$3,624	$3,827	$3,891	$4,001	$4,053	$4,557	5,306	6,022	6,682
Gross Margin	39.5%	38.6%	38.1%	38.8%	38.8%	39.9%	40.3%	39.3%	40.3%	41.7%
SG&A Exp.	$965	$955	$1,059	$1,013	$1,042	$1,060	$1,176	1,336	1,522	1,647
Operating Profit	$1,519	$1,578	$1,652	$1,729	$1,803	$1,807	$2,093	2,489	2,848	3,224
Operating Margin	16.7%	16.8%	16.5%	17.2%	17.5%	17.8%	18.5%	18.4%	19.0%	20.1%
Net Profit	$750	$613	$1,278	$1,037	$1,073	$967	$1,290	1,488	1,731	2,043
Net Margin	8.2%	6.5%	12.7%	10.3%	10.4%	9.5%	11.4%	11.0%	11.6%	12.7%
Free Cash Flow	$734	$920	$921	$1,171	$1,145	$1,277	$1,470	1,736	1,987	2,081
Income Tax	$446	$353	$3	$283	$222	$173	$283	344	460	388

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	20536	20630	21147	21617	22684	23430	$24,960	29,050	31,411	32,400
Cash & Equivalents	$32	$68	$83	$71	$47	$38	$29	143	140	74
Accounts Receivable	$963	$995	$1,106	$1,103	$1,126	$1,091	$1,271	1,677	1,768	1,821
Inventories	$39	$44	$51	$53	$57	$59	$72	97	97	98
Goodwill & Int. Ass.	11392	11346	11457	11507	11767	12220	$13,090	14,800	16,330	16,530
Total Liabilities	12759	12936	13186	13688	14563	14950	$15,980	19,370	20,870	21,000
Accounts Payable	$577	$554	$598	$762	$778	$779	$910	1,222	1,412	1,345
Long-Term Debt	$7,533	$7,659	$8,187	$8,338	$8,689	$8,934	$9,554	11,790	12,820	12,710
Shareholder's Equity	$7,774	$7,691	$7,959	$7,927	$8,118	$8,484	$8,979	9,686	10,540	11,400
LTD/E Ratio	1.0	1.0	1.0	1.1	1.1	1.1	1.1	1.2	1.2	1.12

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	3.7%	3.0%	6.1%	4.8%	4.8%	4.2%	5.3%	5.5%	5.7%	6.4%
Return on Equity	9.7%	7.9%	16.3%	13.1%	13.4%	11.7%	14.8%	15.9%	17.1%	18.6%
ROIC	5.0%	4.0%	8.1%	6.4%	6.5%	5.7%	7.2%	7.4%	7.7%	8.6%
Shares Out.	351	344	339	328	322	320	319.4	316.5	316.7	314.8
Revenue/Share	$25.94	$27.26	$29.62	$30.58	$31.99	$31.75	$35.36	42.69	47.25	50.93
FCF/Share	$2.09	$2.67	$2.72	$3.57	$3.56	$3.99	$4.60	5.48	6.27	6.61

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.