

Raymond James Diversified Industrials Conference August 23, 2022



 **safety-kleen**
A Clean Harbors Company

 **HPC** **INDUSTRIAL**
POWERED BY CLEAN HARBORS



THREE INDUSTRY LEADERS UNITED INTO ONE COMPANY

Forward Looking Statements and GAAP Disclaimer

These slides contain (and the accompanying oral discussion will contain) forward-looking statements, which are generally identifiable by use of the words "believes," "expects," "intends," "anticipates," "plans to," "seeks," "should," "estimates," "projects," "may," "likely" or similar expressions. Such statements may include, but are not limited to, statements about future financial and operating results, the Company's plans, objectives, expectations and intentions and other statements that are not historical facts. Forward-looking statements are neither historical facts nor assurances of future performance. Such statements are based upon the beliefs and expectations of Clean Harbors' management as of this date only and are subject to certain risks and uncertainties that could cause actual results to differ materially, including, without limitation, those items identified as "Risk Factors," disclosed in our periodic filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K filed on February 23, 2022. Therefore, readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's opinions only as of the date hereof. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements. Clean Harbors undertakes no obligation to revise or publicly release the results of any revision to these forward-looking statements other than through its filings with the SEC, which may be viewed in the "Investors" section of the Clean Harbors website.

Statement Regarding use of Non-GAAP Measures:

Adjusted EBITDA, adjusted free cash flow, adjusted net income and adjusted earnings per share, as presented in these slides, are non-GAAP financial measures and should not be considered alternatives to other measurements under generally accepted accounting principles (GAAP), but viewed only as a supplement to those measurements. These non-GAAP measures are not calculated identically by all companies. Therefore, our measurements of Adjusted EBITDA, adjusted free cash flow, adjusted net income (loss) and adjusted earnings (loss) per share are clearly defined and may not be comparable to similarly titled measures reported by other companies. We believe that Adjusted EBITDA provides additional useful information to investors since our loan covenants are based upon levels of Adjusted EBITDA achieved and the fact that management routinely evaluates the performance of its businesses based upon levels of Adjusted EBITDA. We believe adjusted free cash flow provides useful information to investors about our ability to generate cash. We believe adjusted net income (loss) and adjusted earnings (loss) per share provide useful information about our performance excluding non-recurring or extraordinary items.

Adjusted EBITDA consists of net income (loss) plus accretion of environmental liabilities, stock-based compensation, depreciation and amortization, net interest expense, loss on early extinguishment of debt, provision for income taxes and excludes other gains, losses and non-cash charges not deemed representative of fundamental segment results and other (income) expense, net. Adjusted free cash flow consists of net cash from operating activities excluding cash impacts of items derived from non-operating activities, such as taxes paid in connection with divestitures, less additions to property, plant and equipment plus proceeds from sale of fixed assets. All amounts in USD unless otherwise noted.

For a reconciliation of Adjusted EBITDA and adjusted net income to net income, a reconciliation of adjusted earnings per share to net income per share and a reconciliation of net cash from operating activities to adjusted free cash flow, please refer to our quarterly news release dated May 4, 2022 on our website and other periodic filings with the SEC.

Our Mission is Based in Sustainability

“Create a Safer, Cleaner
Environment Through the
Treatment, Recycling and
Disposal of Hazardous
Materials”



Reasons to Invest in CLH

- Market Leader with High Barriers to Entry
- Growth Potential Beyond GDP
- Best in Class Systems/Management/Culture
- Highly Resilient Business Delivers Consistent Performance
- Sustainability and ESG Profile

North America's Environmental and Industrial Services Leader

- Largest hazardous waste disposal company
- Largest collector, recycler and re-refiner of used oil
- Owns more than 500 hard to replicate permits
- 100+ waste management facilities
- More than one million waste profiles
- Top 25 largest private motor carrier
- 300,000+ customers
- 20,000+ employees
- ~700 service locations



Sustainable Business Model – Led by Powerful Brands



Safety-Kleen Sustainability Solutions



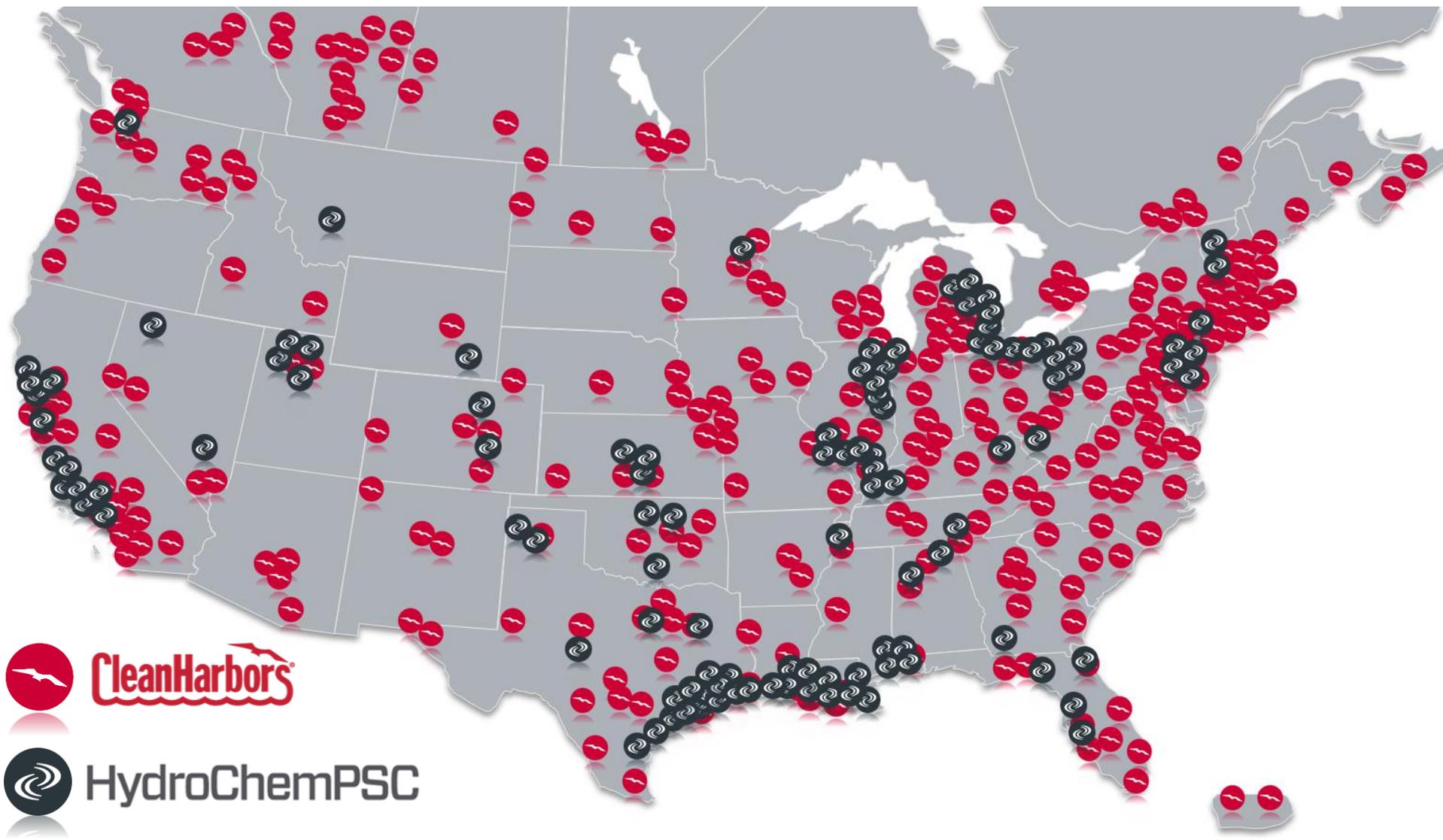
- 1 Gather Waste Perform Services
- 2 Transport Waste & Waste Oil
- 3 Transfer, Treat, Recycle & Re-Refine
- 4 Disposal

Maintains Unmatched Network of Disposal Assets

- **More than 100 Waste Management Facilities**
 - 9 Incinerators
 - 9 Landfill Sites
 - 26 Treatment, Storage & Disposal Facilities (TSDFs)
 - 8 Solvent Recycling Facilities
 - 10 Wastewater Treatment Operations
 - 7 Re-refineries
- **More than 10,000 Company Vehicles**



Supported by Expansive Network of Service Locations



Targets Large Market Opportunities

Hazardous Waste Management: **\$11 Billion**

- Technical Services and SK Branch Services
- Transportation, Treatment and Storage
- Recycling and Disposal

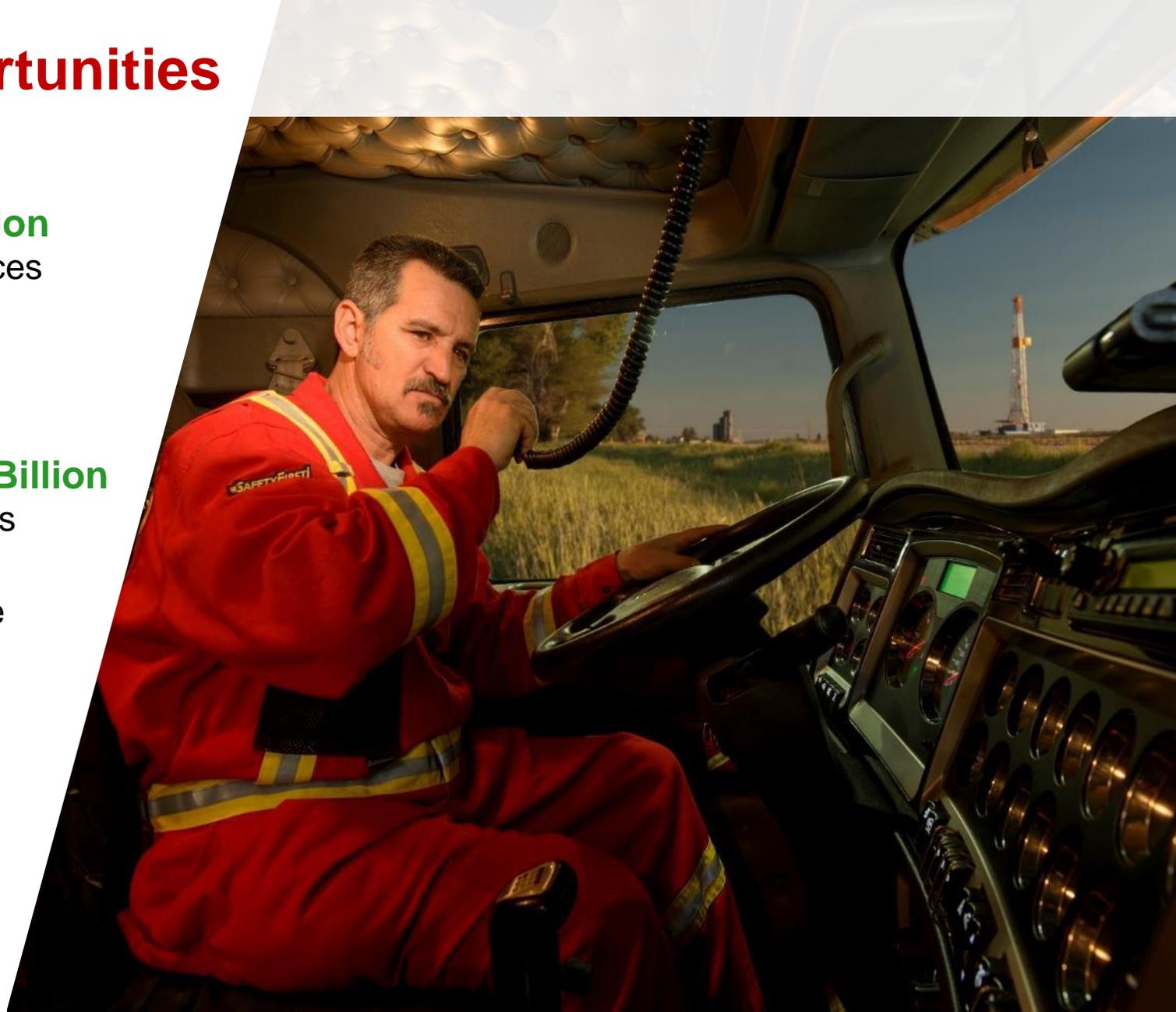
Remediation & Industrial Services: **\$14 Billion**

- Remediation Services and Waste Projects
- Industrial Services
- Field Services and Emergency Response

U.S. Lubricants Industry **\$15 Billion**

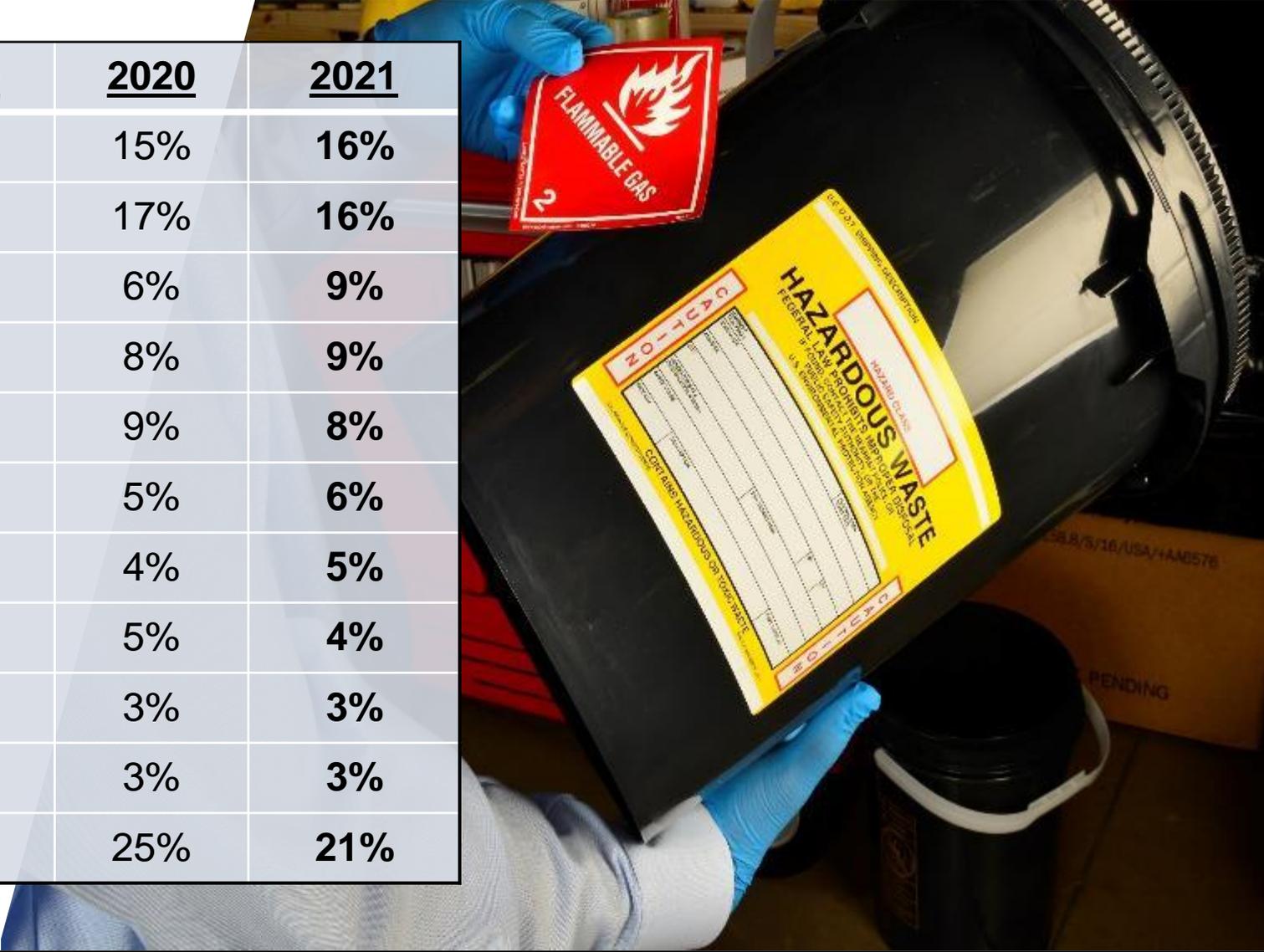
- Engine Oils
- Transmission and Hydraulic Fluids

Sources: Environmental Business Journal and MarketResearch.com



Limits Downside Risk Through Diversification

	<u>2019</u>	<u>2020</u>	<u>2021</u>
Chemical	14%	15%	16%
Manufacturing	16%	17%	16%
Base and Blended Oils	7%	6%	9%
Refineries	9%	8%	9%
Automotive Service/Repair	8%	9%	8%
Government	6%	5%	6%
Utilities	5%	4%	5%
Transportation	4%	5%	4%
Retail	2%	3%	3%
Construction	3%	3%	3%
Other Industries	26%	25%	21%



REPORTING SEGMENTS



Environmental Services Segment

- ~\$3 billion in 2021 revenue
- Multiple service businesses supporting network of disposal and recycling assets
- Turnkey solutions for customers
- Environmental/sustainability partner

Growth Drivers

- GDP and industrial production
- Regulation and compliance
- Demand for turnarounds
- Vehicle miles driven
- Emergency Response events



COVID-19 Response Work Reflects Resiliency

- First-mover advantage; capitalized on existing ER reputation
- Generated \$14 million in 1H'22; \$59M in 2021; \$120M in 2020
- More than 23,000 responses as of today; opened doors to customer relationships
- Varied locations: retail stores, offices, hospitals, warehouses, manufacturing plants, schools, transport hubs, apartment buildings and sports stadiums
- Minimal expectation going forward



Incineration Network Expansion – Kimball, NE

- Plan to add 70,000-ton state-of-the-art incinerator to Kimball facility
- Kiln modeled after our El Dorado plant and will meet/exceed all state and federal emissions control standards
- Permitting process has begun on \$180 million project
- Excellent relationship with local community; 100 additional permanent jobs expected
- Target is to have new plant operational in late 2024 and accepting hazardous waste in the first half of 2025
- Market dynamics will support new capacity

Safety-Kleen Sustainability Solutions Segment

- ~\$800 million in 2021 revenue
- Carefully managed re-refinery spread business
- Focused on providing most environmentally friendly products to customers
- Closed loop offerings including lubricants, oil filters and antifreeze

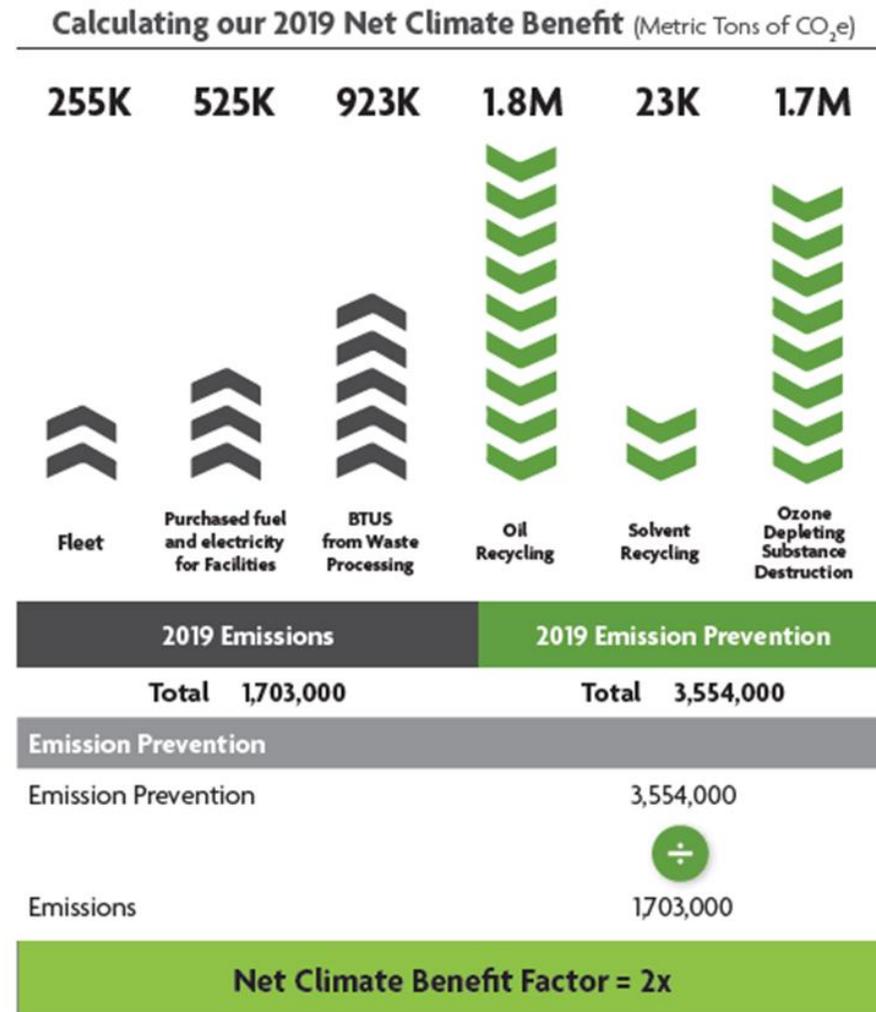
Growth Drivers

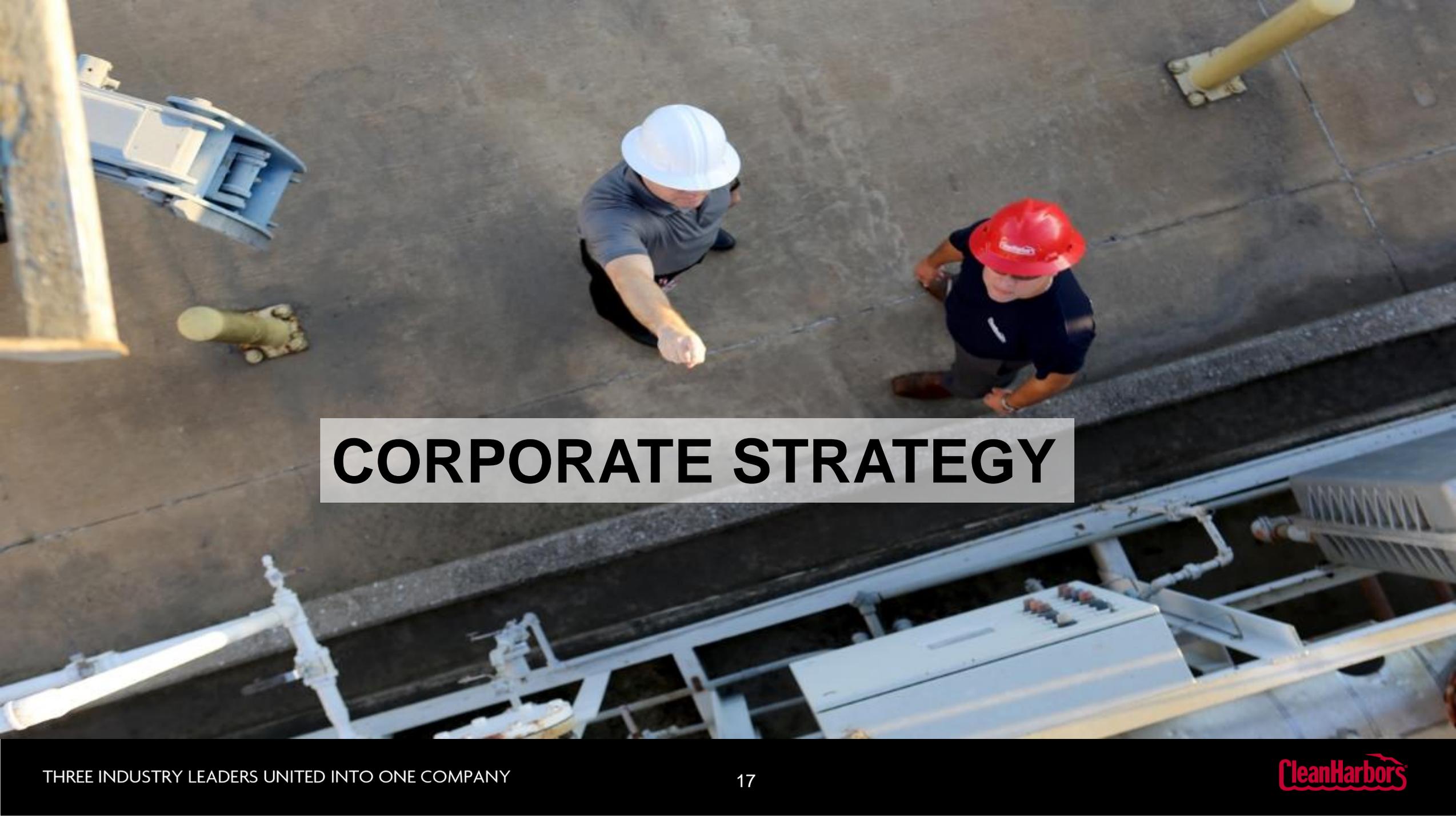
- Base oil market/lubricant demand
- Regulation and compliance
- Vehicle miles driven
- Waste oil gallons collected
- Industrial production



Sustainability is Core to Clean Harbors

- First-ever ESG report issued in 2021; update planned for later this year
- Demand from customers for “green” solutions is growing
- Potential financial benefits beyond increased sales include cost savings, additional recycling and other areas
- Meaningful improvement in ESG ratings





CORPORATE STRATEGY

Growth Strategies



Expand Offerings and Geographic Coverage

Execute Cost, Pricing and Productivity Initiatives

Pursue Acquisitions and Divestitures

Add Network Capacity

Cross-Sell Across the Businesses

Capture Large Scale Projects

HydroChemPSC – Overview

- \$1.2 billion all-cash transaction completed in October
- Confident this transaction will drive considerable shareholder value
- \$115M of base Adjusted EBITDA and \$20-\$25M in synergies expected in 2022
- Plan to achieve \$40M+ of synergies in 2023
- Affords us network, resource and market density
- Cross-selling opportunities are abundant on both sides
- Integration going well; strong cultural fit
- Rebranded all of U.S. IS on July 1st



Capital Allocation Strategy – Driven by ROIC



- Invest capex to drive organic growth
- Evaluate acquisition and divestiture opportunities
- Execute authorized buyback plan
- Assess current debt structure and leverage

FINANCIAL OVERVIEW

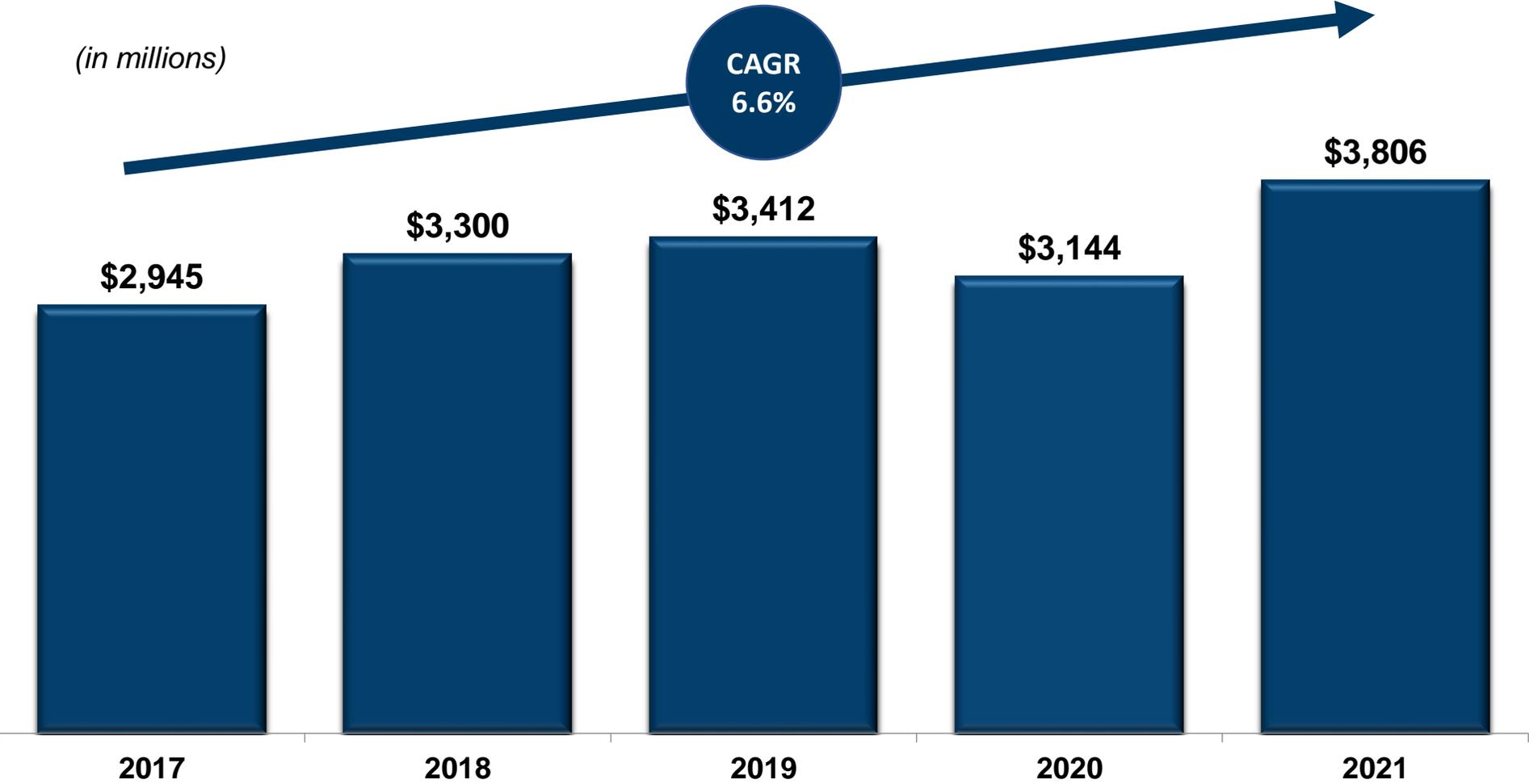


Summary of Q2 Results

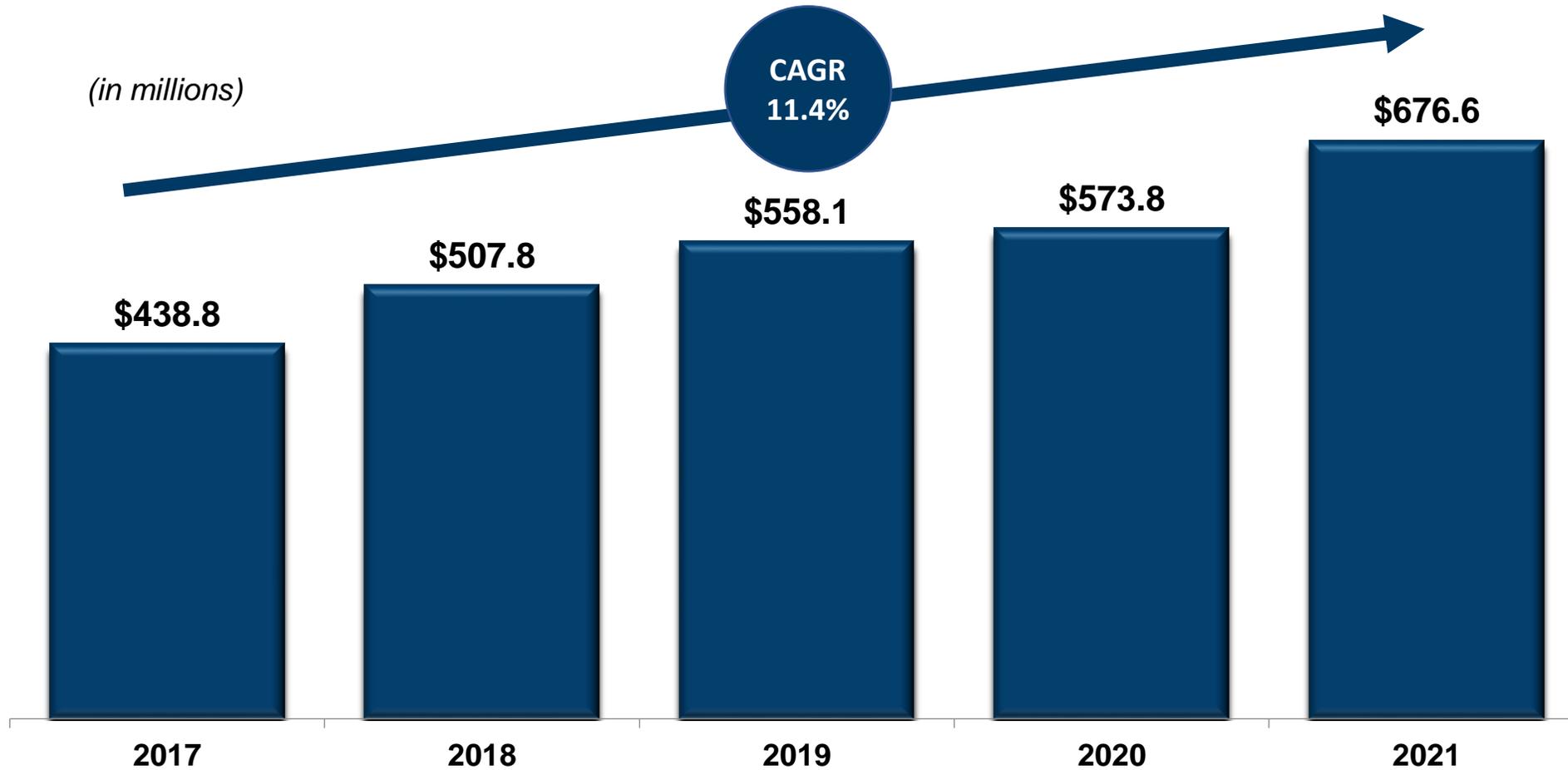
- Revenue of \$1.36B – ahead of expectations; Up 46% YoY reflecting the addition of HPC, organic growth and pricing to offset inflation
- GAAP EPS of \$2.71 and Adjusted EPS* of \$2.44
- Adjusted EBITDA* increased 65% to \$309.1M; Adjusted EBITDA margin of 22.8%
- Adjusted free cash flow* was \$94.6 million compared with \$114.6 million in Q2'21
- Environmental Services segment benefited from strong demand across our disposal network and all service businesses, along with contributions from HPC
- Safety-Kleen Sustainability Solutions segment delivered record performance due to effective base oil spread management while benefitting from favorable market pricing dynamics
- Corporate segment up YoY due to HPC costs, along with wage and benefits cost increases partially offset by synergies and expense reduction initiatives

* For a reconciliation of non-GAAP measures to its nearest GAAP equivalent, please refer to the Form 10-Q filed with the Securities and Exchange Commission on August 3, 2022.

Five-Year Revenue Performance



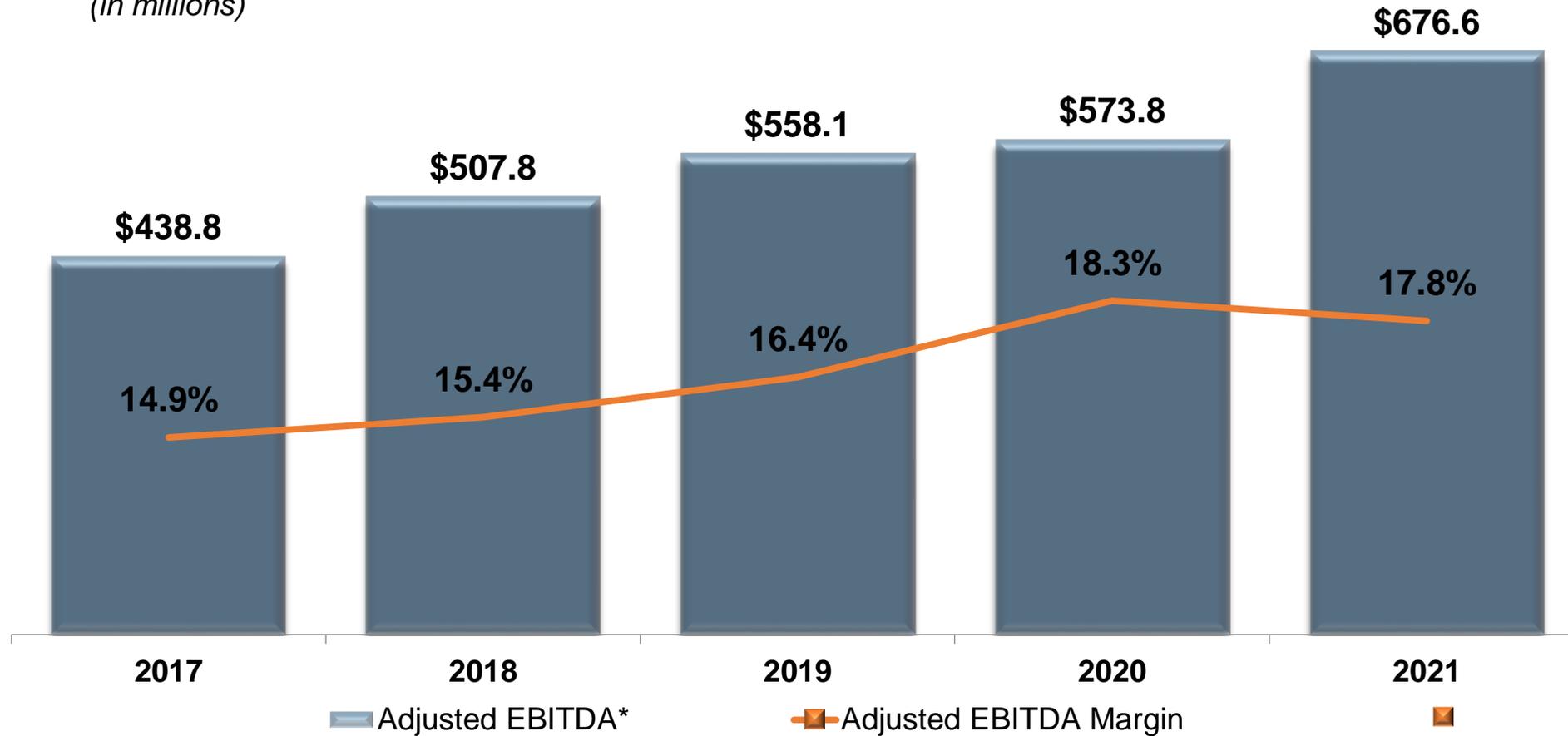
Five-Year Adjusted EBITDA* Performance



* For a reconciliation of Adjusted EBITDA to net income, please refer to the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission.

Five-Year Margin Performance

(in millions)



* For a reconciliation of Adjusted EBITDA to net income, please refer to the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission.

Balance Sheet Highlights

<i>(in millions)</i>	6/30/22	12/31/21
Cash and securities	\$415.4	\$534.3
Billed & unbilled receivables	\$1,139.7	\$887.7
Inventories and supplies	\$275.7	\$250.7
Current and long-term debt	\$2,528.5	\$2,534.6
Accounts payable	\$409.2	\$359.9
Environmental liabilities	\$226.7	\$211.0

Historical Adjusted Free Cash Flow

<i>(in millions)</i>	2017	2018	2019	2020	2021
Cash Flow from Operations	\$285.7	\$373.2	\$413.2	\$430.6	\$546.0
Capital Expenditures, net of disposals	(159.9)	(177.9)	(204.7)	(186.6)	(\$219.7)
Purchase and capital improvements of corporate headquarters				21.1	
Tax liability on sale of business	14.4				
Adjusted Free Cash Flow	\$140.2	\$195.3	\$208.5	\$265.0	\$326.3

Questions





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