



Second Quarter 2018 Investor Review

August 1, 2018

PEOPLE AND TECHNOLOGY CREATING A SAFER, CLEANER ENVIRONMENT



Forward Looking Statements and GAAP Disclaimer



These slides contain (and the accompanying oral discussion will contain) “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements involve known and unknown risks, uncertainties and other factors that could cause the actual results of the Company to differ materially from the results expressed or implied by such statements, including general economic and business conditions, conditions affecting the industries served by the Company and its subsidiaries, conditions affecting the Company’s customers and suppliers, competitor responses to the Company’s products and services, the overall market acceptance of such products and services, the integration of acquisitions and other factors disclosed in the Company’s periodic reports filed with the Securities and Exchange Commission. Such statements may include, but are not limited to, statements about the Company’s business outlook and financial guidance and other statements that are not historical facts. Consequently such forward-looking statements should be regarded as the Company’s current plans, estimates and beliefs. The Company does not undertake and specifically declines any obligation to publicly release the results of any revisions to these forward-looking statements that may be made to reflect any future events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.

Statement Regarding use of Non-GAAP Measures:

Adjusted EBITDA and Adjusted free cash flow, as presented in these slides, are non-GAAP financial measures and should not be considered alternatives to net income (loss) and net cash from operating activities, respectively, or other measurements under generally accepted accounting principles (GAAP), but viewed only as a supplement to those measurements. Adjusted EBITDA and Adjusted free cash flow are not calculated identically by all companies, and therefore our measurement of Adjusted EBITDA, while defined consistently and in accordance with our existing credit agreement, and our measurement of adjusted free cash flow, 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.

Adjusted EBITDA consists of net income (loss) plus accretion of environmental liabilities, depreciation and amortization, net interest expense, provision for income taxes and excludes other gains or non-cash charges not deemed representative of fundamental segment results and other 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, adjusted net income and adjusted income per share to net income and a reconciliation of net cash from operating activities to adjusted free cash flow, please refer to the Company’s Annual Report on Form 10-K and Quarterly Reports on Form 10-Q filed with the Securities and Exchange Commission.

Summary of Q2 Results

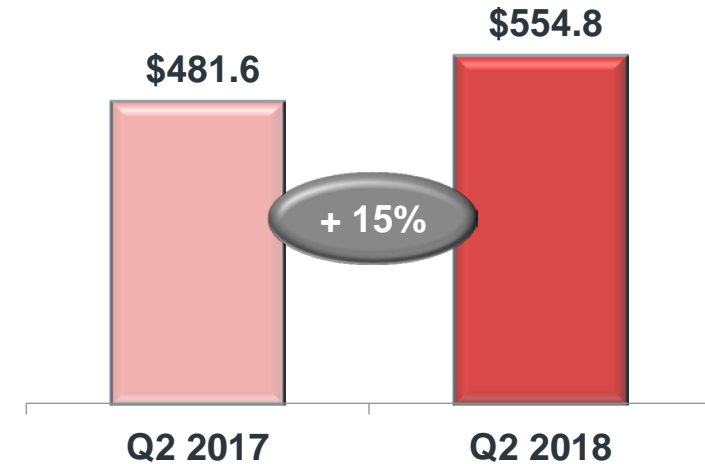
- Revenue growth of 13% to \$849.1M, driven by higher base/blended pricing, strong waste volumes and Veolia acquisition
- Net income of \$0.54 per diluted share
- Adjusted EBITDA* increases by 16% to \$139.6 million
- Growth of Environmental Services revenue and profitability on:
 - ✓ Strong incinerator utilization
 - ✓ Improved pricing/mix of waste streams
 - ✓ Veolia Industrial contribution better than expected
- Safety-Kleen up on higher base/blended pricing and growth in core branch offerings



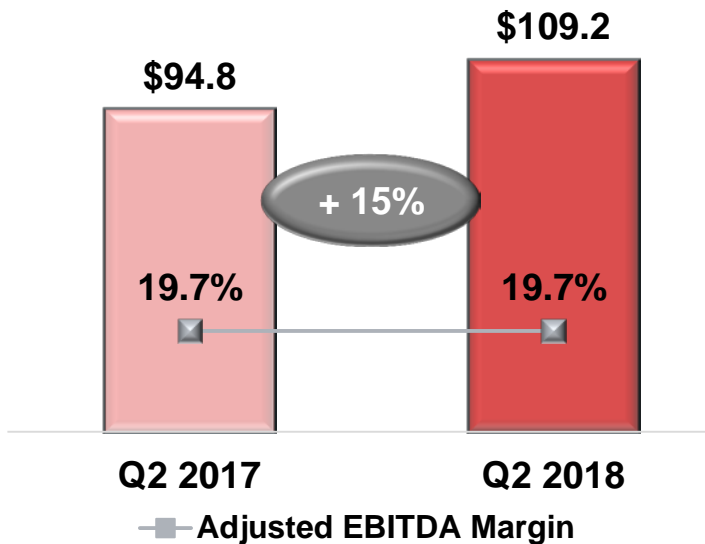
* For a reconciliation of Adjusted EBITDA to net income, please refer to the appendix in this presentation.

Environmental Services

Revenue
(in millions)



Adjusted EBITDA*
(in millions)



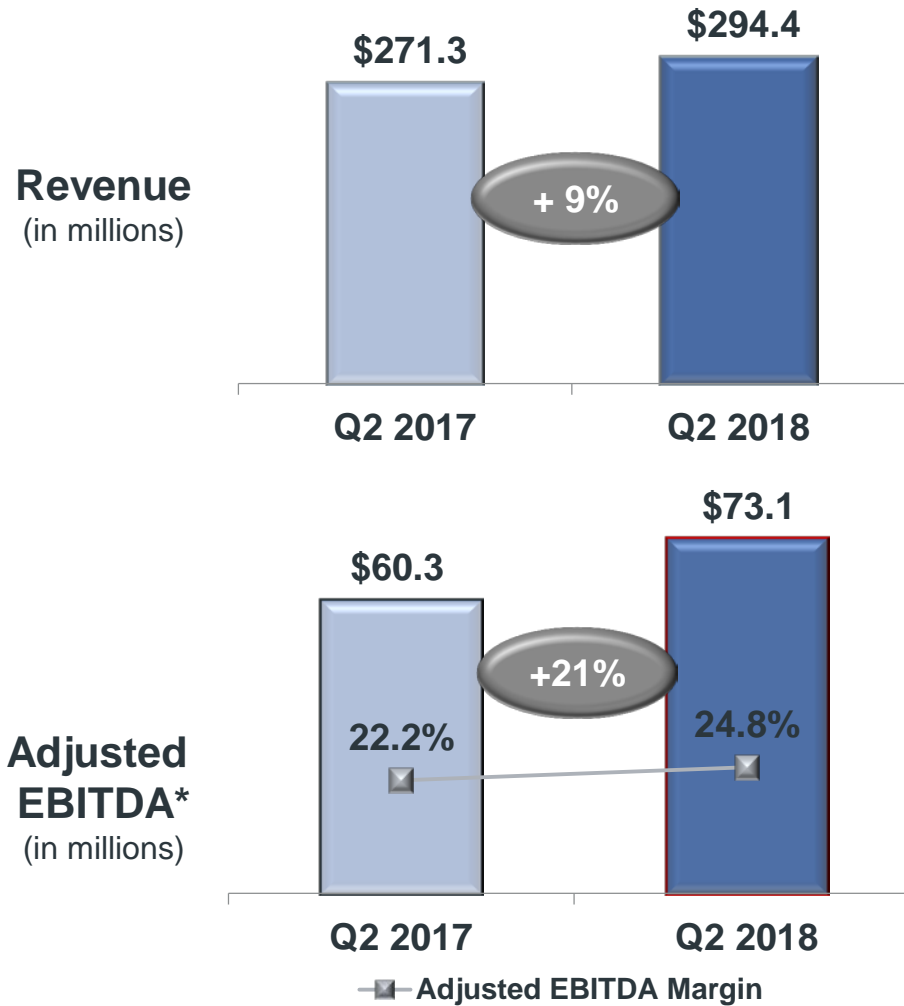
Q2 Performance

- Revenue growth due to Veolia acquisition, Industrial and Field Services, and greater customer activity in key verticals such as chemical and manufacturing
- Adjusted EBITDA up on increased revenue, pricing initiatives and improved mix of waste streams
- Incinerator utilization up to 90% vs. 87% in Q2'17; U.S. incinerators at 90%, while Canada location at 87%
- Landfill tonnage down 10% YoY on lower project volumes while base business remained steady
- No major ER events in the quarter



* For a reconciliation of Adjusted EBITDA to net income, please refer to the appendix in this presentation.

Safety-Kleen



Q2 Performance

- Revenue increase primarily driven by higher YoY base oil and blended pricing, along with incremental growth in some of branch network's core lines of business
- Adjusted EBITDA and margins up significantly on higher pricing and effective spread management
- Performed 247K parts washer services, down slightly from prior year
- Gathered 62 million gallons of waste oil, up from 60 million a year ago
- Blended products accounted for 27% of volume, compared with 23% in Q1 and 33% a year ago; direct volume was 6% in the quarter vs. 4% a year ago and 5% in Q1



* For a reconciliation of Adjusted EBITDA to net income, please refer to the appendix in this presentation.

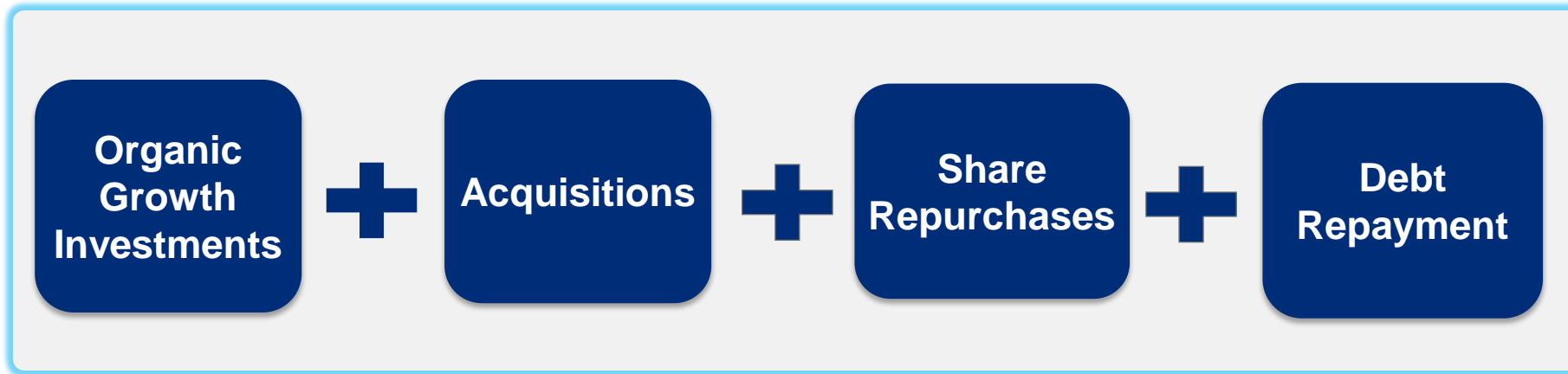
Corporate Update

- **Continuing to drive key growth initiatives:**
 - Incineration network – drive price/mix improvements
 - Closed loop offering – double 2017 volume
 - Profitable sales growth in base business – increase cross-selling and utilization of resources through sales and service organization
- **Integrating Veolia and capturing revenue/cost synergies**



Capital Allocation Strategy

- Four key elements:



- Invest capex to drive growth, including Veolia
- Evaluate acquisition and divestiture opportunities
- Execute buyback plan
- Assess current debt structure





Financial Overview

Debt Refinancing Update

- Retired remaining \$400 million of 2020 Senior Unsecured Notes
- Expanded existing variable Term Loan B debt by \$350 million
- Drew \$50 million on existing revolver
- Expect to put swap in place to mitigate variable interest rate exposure
- Refinancing activity generates a number of benefits:
 - Lowers annual interest expense by more than \$2 million
 - Pushes out tenor of debt by 4 years
 - Provides greater flexibility to reduce/refinance debt



Q2 Income Statement

(In millions, except per share data)

	Q2 2018	Q2 2017
Revenue	\$849.1	\$752.8
Cost of revenues	\$583.6	\$519.8
Gross profit	\$265.6	\$233.0
<i>Gross margin %</i>	<i>31.3%</i>	<i>30.9%</i>
Selling, general and administrative expenses	\$126.0	\$112.3
<i>SG&A %</i>	<i>14.8%</i>	<i>14.9%</i>
Depreciation and amortization	\$72.8	\$71.5
Income from operations	\$64.4	\$46.7
Adjusted EBITDA*	\$139.6	\$120.7
<i>Adjusted EBITDA* margin %</i>	<i>16.4%</i>	<i>16.0%</i>
Net income	\$30.7	\$25.9
Diluted earnings per share	\$0.54	\$0.45
Adjusted income per share*	\$0.54	\$0.24



* Please refer to the appendix in this presentation for a reconciliation to the nearest GAAP equivalent.

Balance Sheet Highlights



(In millions)

Cash and short-term marketable securities

Accounts payable

Billed and unbilled receivables

Days sales outstanding (DSO)

Current and Long-term debt

Environmental liabilities

6/30/18

3/31/18

12/31/17

\$233.9

\$224.1

\$357.6

\$247.8

\$238.0

\$224.2

\$653.3

\$615.2

\$564.8

72 days

76 days

72 days

\$1,629

\$1,629

\$1,630

\$186.8

\$186.5

\$185.5

Cash Flow Highlights



(In millions)

	Q2 2018	Q1 2018	Q2 2017
Cash from operations	\$77.8	\$51.9	\$59.8
Capital expenditures, net of disposals	(\$48.1)	(\$43.4)	(\$45.2)
Adjusted free cash flow*	\$29.7	\$8.5	\$14.6
Share repurchases	\$12.2	\$14.3	\$5.5

* Please refer to the appendix in this presentation for a reconciliation to the nearest GAAP equivalent.

Guidance (as of August 1, 2018)



Full-Year 2018

	Range
Adjusted EBITDA* (in millions)	\$460 to \$490
Adjusted Free Cash Flow * (in millions)	\$135 to \$165

* Please refer to the appendix in this presentation for a reconciliation of Adjusted EBITDA and Adjusted Free Cash Flow to the nearest GAAP equivalent.



Appendix

Non-GAAP Results Reconciliation

(in thousands)	For the Three Months Ended:		For the Six Months Ended:	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Net income	\$30,747	\$25,880	\$18,116	\$4,487
Accretion of environmental liabilities	2,448	2,416	4,878	4,706
Depreciation and amortization	72,760	71,531	147,604	143,943
Other (income) expense, net	(846)	833	(547)	2,382
Loss on early extinguishment of debt	—	6,045	—	6,045
Gain on sale of business	—	(31,722)	—	(31,722)
Interest expense, net	20,769	22,492	41,039	45,068
Provision for income taxes	13,683	23,216	16,736	25,917
Adjusted EBITDA	<u>\$139,561</u>	<u>\$120,691</u>	<u>\$227,826</u>	<u>\$200,826</u>

Non-GAAP Results Reconciliation

(in thousands)	<u>For the Three Months Ended:</u>		<u>For the Six Months Ended:</u>	
	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Adjusted free cash flow				
Net cash from operating activities	\$77,767	\$59,812	\$129,670	\$116,931
Additions to property, plant and equipment	(49,897)	(46,280)	(94,139)	(88,742)
Proceeds from sale and disposal of fixed assets	1,843	1,091	2,641	2,121
Adjusted free cash flow	<u>\$29,713</u>	<u>\$14,623</u>	<u>\$38,712</u>	<u>\$30,310</u>

Non-GAAP Guidance Reconciliation

(Amount in millions)

	For the Year Ending December 31, 2018		
Projected GAAP net income	\$30	to	\$59
Adjustments:			
Accretion of environmental liabilities	11	to	10
Depreciation and amortization	305	to	295
Loss on early extinguishment of debt	2	to	2
Interest expense, net	80	to	79
Provision for income taxes	32	to	45
Projected Adjusted EBITDA	\$460	to	\$490

(Amount in millions)

	For the Year Ending December 31, 2018		
Projected cash from operating activities	\$305	to	\$355
Additions to property, plant and equipment	(180)	to	(200)
Proceeds from sale and disposal of fixed assets	10	to	10
Projected adjusted free cash flow	\$135	to	\$165



Questions?