



# Raymond James 41st Annual Institutional Investors Conference

**March 4, 2020**

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 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, 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, adjusted free cash flow, adjusted net income (loss) and adjusted earnings (loss) 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 measurement of Adjusted EBITDA, while defined consistently and in accordance with our existing credit agreement, and our measurements of adjusted free cash flow, adjusted net income (loss) and adjusted earnings (loss) per share 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, 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 non-GAAP measures to its nearest GAAP equivalent, please refer to the Company’s quarterly news releases, which are filed on Form 8-K with the Securities and Exchange Commission.

# Mission



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



# Company Snapshot



- In North America:
  - Largest hazardous waste disposal company
  - Largest collector, recycler and re-refiner of used oil
  - Leading provider of comprehensive environmental, energy and industrial services
- Top 20 largest private motor carriers
- More than 300,000 customers including a majority of the Fortune 500
- More than 14,000 employees
- More than 100 waste management facilities
- More than 450 service locations in the US, Canada, Mexico and Puerto Rico

# Business Model

Gather Waste  
Perform Services

Transport Waste  
and Waste Oil

Transfer, Treat, Recycle  
and Re-Refine

Disposal

Environmental Services

Technical  
Services

Industrial  
Services

Field  
Services

Energy Services

Safety-Kleen





# Broad Asset Infrastructure

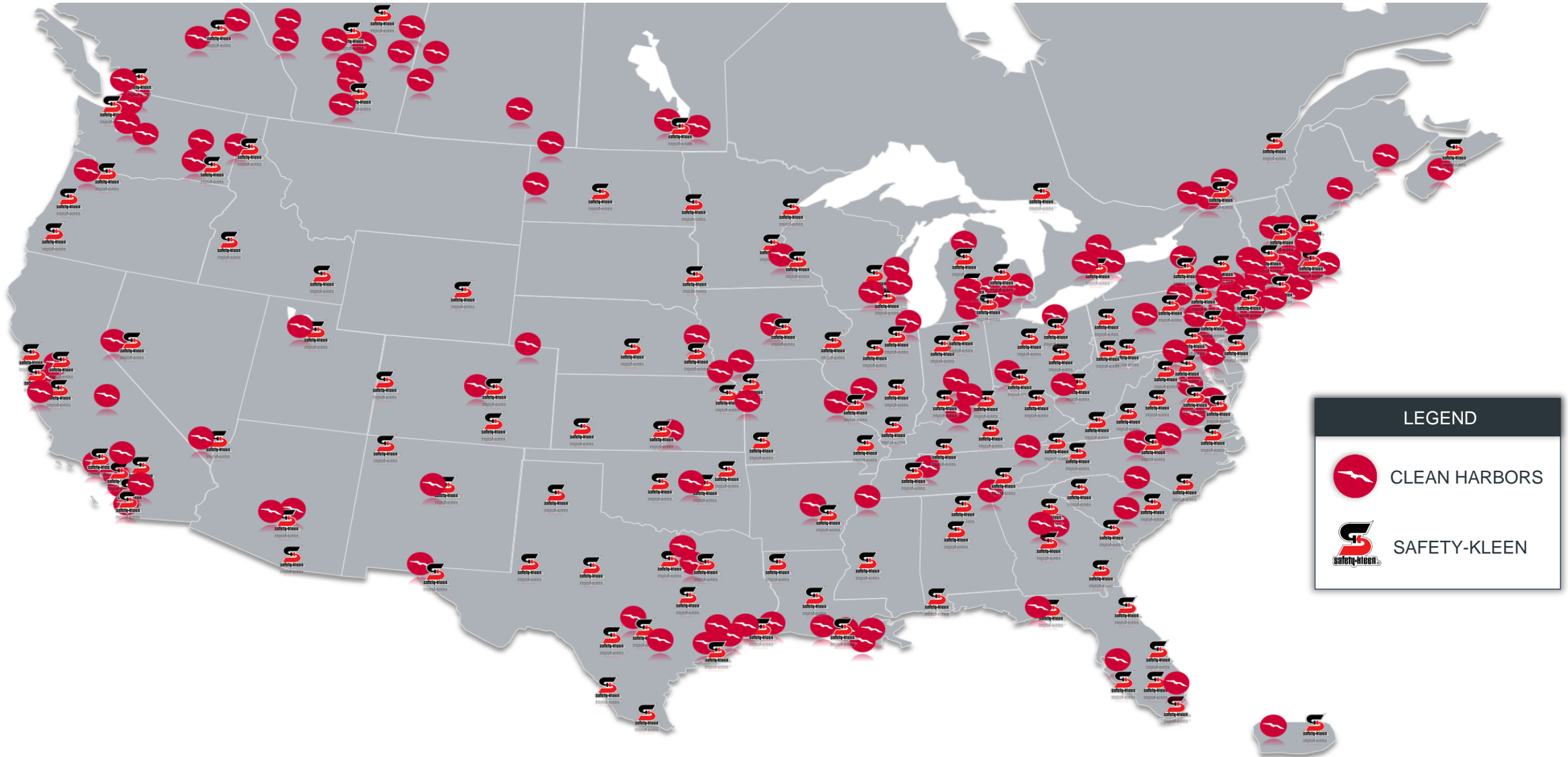
- **More than 100 Waste Management Facilities**

- 9 Incinerators
- 11 Landfill Sites
- 18 Treatment, Storage & Disposal Facilities (TSDFs)
- 8 Solvent Recycling Facilities
- 9 Wastewater Treatment Operations
- 9 Oil Accumulation Centers
- 6 Re-refineries

- **More than 10,000 Company Vehicles**



# Expansive Service Network



# Market Diversification – Top 10 Industries Served



	<u>2017</u>	<u>2018</u>	<u>2019</u>
Manufacturing	16%	17%	<b>16%</b>
Chemical	13%	14%	<b>14%</b>
Refineries	9%	8%	<b>9%</b>
Automotive	8%	7%	<b>8%</b>
Base and Blended Oils	8%	8%	<b>7%</b>
Government	7%	6%	<b>6%</b>
Utilities	5%	5%	<b>5%</b>
Transportation	4%	4%	<b>4%</b>
Oil & Gas	4%	4%	<b>4%</b>
Engineering & Consulting	3%	3%	<b>4%</b>
Other Industries	23%	24%	<b>23%</b>





# Reporting Segments

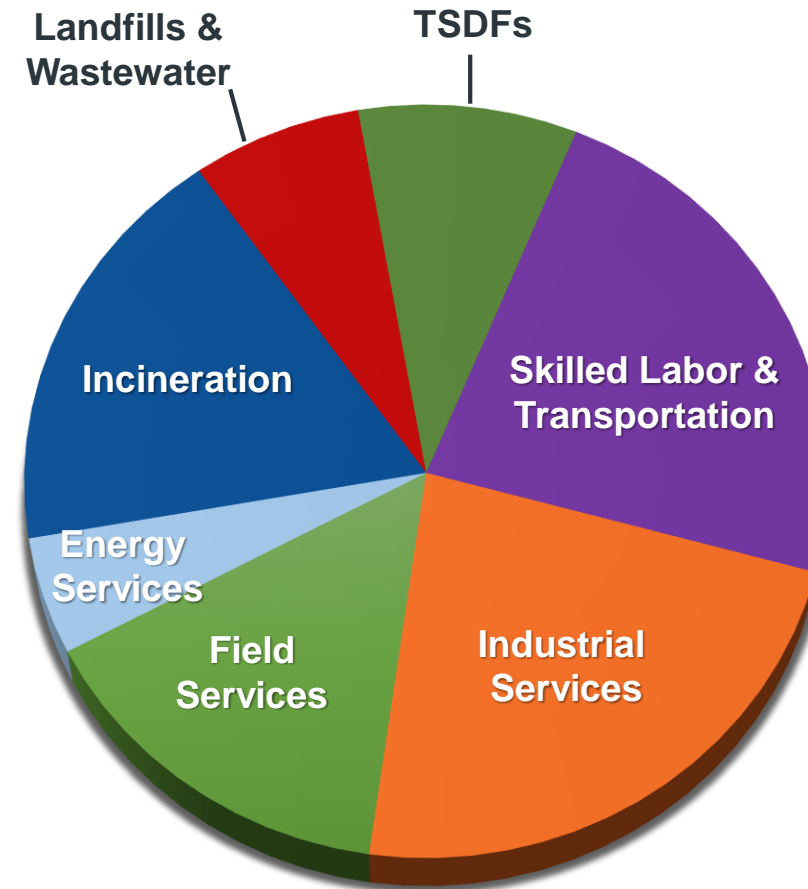
# Environmental Services

## Business Drivers

- GDP and industrial output
- Regulation and compliance
- Captive incinerator market
- Demand for turnarounds
- Emergency Response events
- Cross-selling with Safety-Kleen

## Key Metrics

- Incineration utilization
- Landfill volumes



**Annual Revenue  
~\$2.2 Billion**





# Chemical Manufacturing Renaissance Aligns with Our Gulf Network of Locations



- In past decade, 334 U.S. chemical manufacturing projects – cumulatively valued at \$204 billion – have been announced\*
- 53% of that total have been completed or under construction to date\*
- High concentration of those facilities are located in the Gulf region (representative examples on map)\*\*

\*American Chemistry Council May 2019

\*\*Plant expansion locations from variety of sources



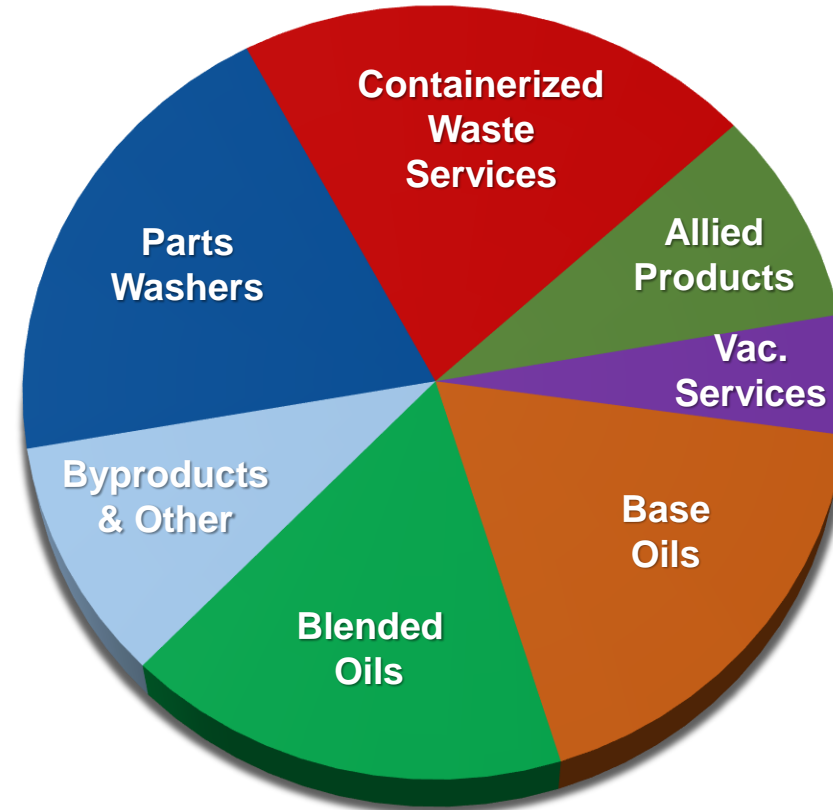
# Safety-Kleen

## Business Drivers

- Placement of more parts washers
- Regulation and compliance
- Crude oil pricing
- Base oil market demand
- Closed loop offering - OilPlus®

## Key Metrics

- Average UMO price
- Waste oil volume collected
- Number of parts washers services
- % of blended sales and direct volumes



**Annual Revenue  
~\$1.2 Billion**

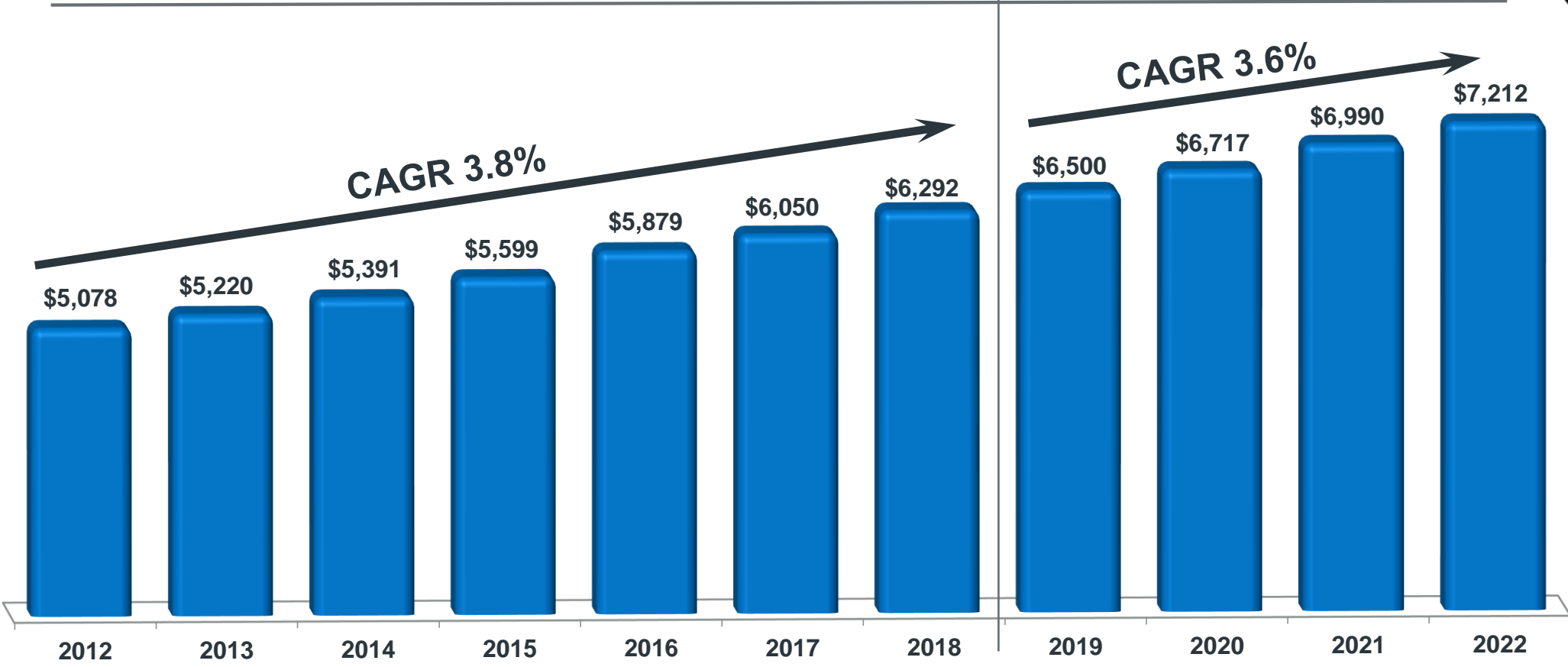


# Oil Change and Lube Shop Sales 2012-2022



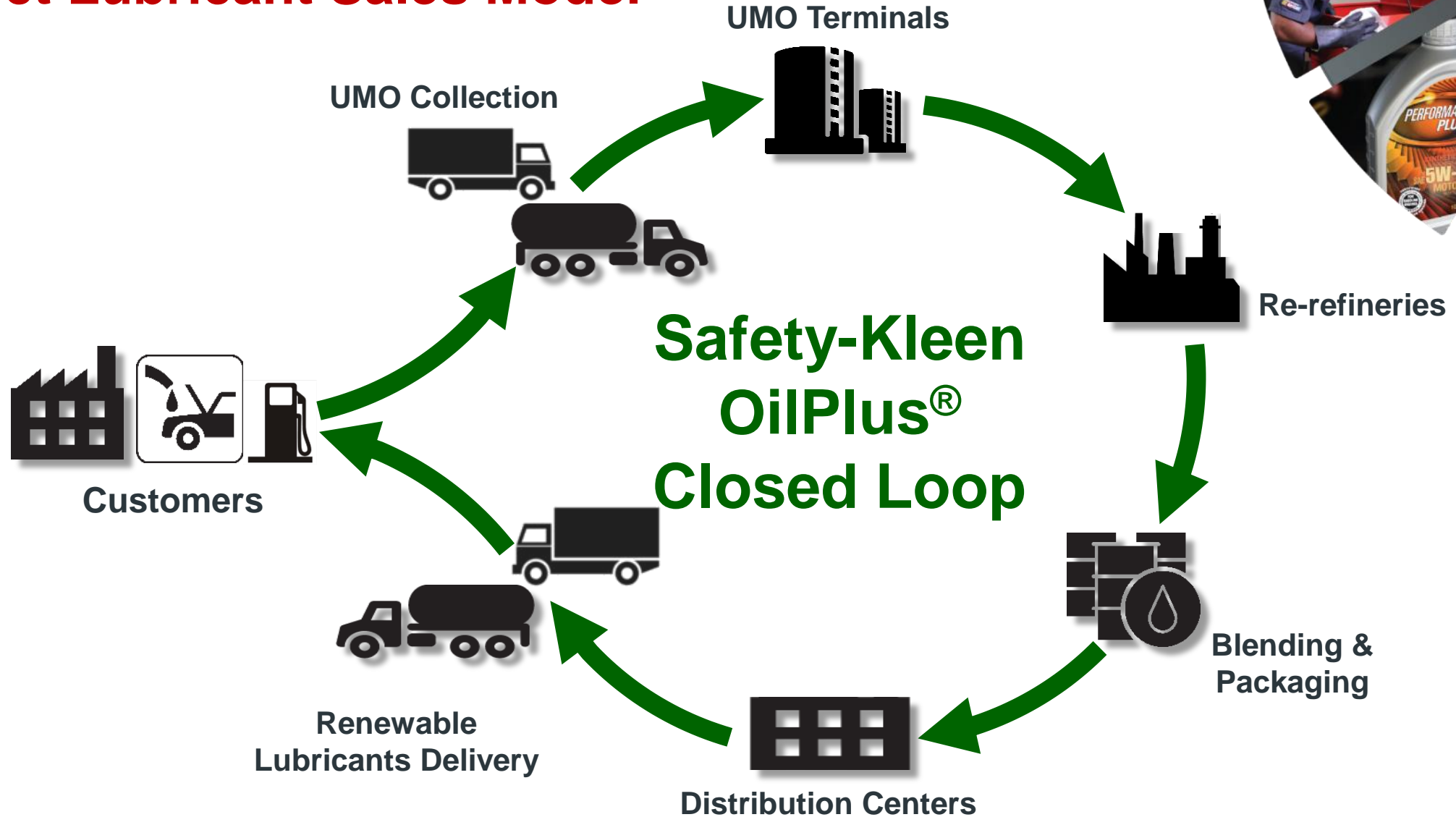
## Historical Growth

## Forecast Growth



Source: Auto Care Association and LubesNGreases

# Direct Lubricant Sales Model





# Sustainability at Clean Harbors

- We have a great sustainability story at Clean Harbors
- It touches many parts of the organization
- Demand from our customers for more sustainable and “green” solutions is rapidly growing, especially among government and public entities
- Potential financial benefits beyond increased sales include cost savings, increased recycling and other areas such as potential carbon credits



## Examples of Our Sustainability

- **Re-refineries:** More than 3.5 billion gallons of used oil processed in its history; avoiding over 29 million metric tons of GHG
- **Solvent recycling:** ~1 million parts washer services annually using recycled solvents and aqueous solutions
- **Incinerators:** More than 8 million metric tons of CO2 emissions avoided since 2013 by CFC destruction
- **Refurbishment shops:** 80% of all materials are recycled
- **Emergency Response:** Approximately 6,000 ER services provided to communities in 2019, majority of which are chemical releases into the environment





# 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**

# 2020 Strategic Update

- Continue investments in workforce to grow employee base and lower voluntary turnover
- Increase leverage of facilities network through pricing initiatives, mix of waste streams and greater project volumes
- Launch E-commerce platform
- Capitalize on IMO 2020 market conditions
- Pursue emerging growth opportunities such as PFAS
- Capitalize on growing market acceptance of our sustainable offerings
- Execute capital allocation strategy





# Financial Overview



# Summary of Q4 and 2019 Results

## Q4

- Revenue increases 1% to \$871.0M
- GAAP EPS of \$0.43; Adjusted EPS of \$0.42
- Adjusted EBITDA\* growth of 8% to \$132.2M
- Adjusted EBITDA margin climbs 100 bps to 15.2%

## 2019

- Revenue increases 3% to \$3.4B
- GAAP EPS of \$1.74; Adjusted EPS of \$1.89
- Adjusted EBITDA\* growth of 10% to \$540.3M
- Record Adjusted Free Cash Flow\* of \$208.5M
- TRIR of 1.05 – lowest in our history

\* For a reconciliation of non-GAAP measures to its nearest GAAP equivalent, please refer to the company's fourth-quarter news release dated February 26, 2020.



# Balance Sheet Highlights



	<u>12/31/19</u>	<u>12/31/18</u>
Cash and securities	\$414.4M	\$279.4M
Billed & unbilled receivables	\$701.1M	\$661.7M
Inventories and supplies	\$214.7M	\$199.5M
Current and long-term debt obligations	\$1,562M	\$1,573M
Accounts payable	\$298.4M	\$276.5M
Environmental liabilities	\$189.8M	\$190.9M

# Historical Adjusted Free Cash Flow

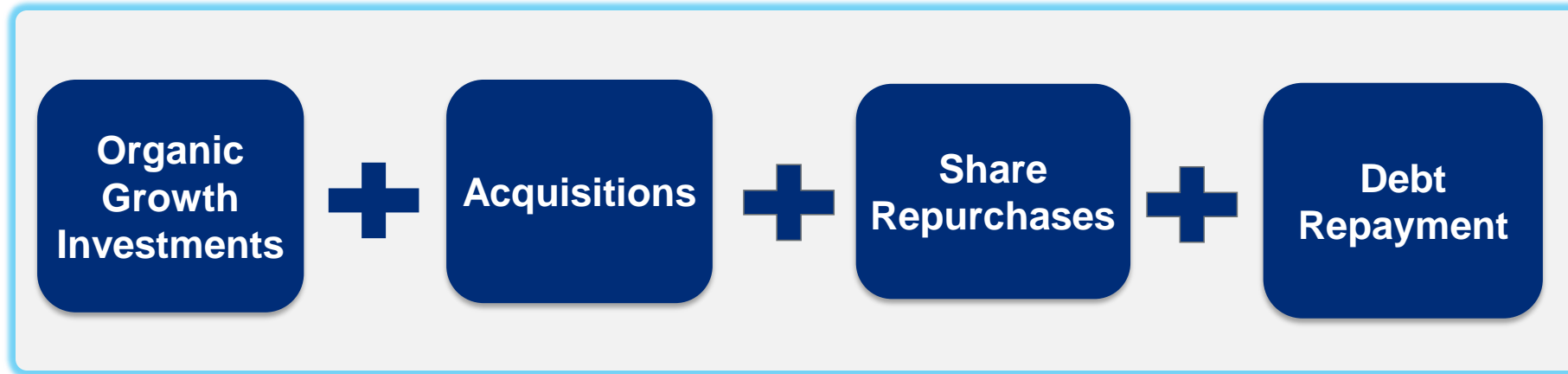


<i>(USD \$ in millions)</i>	2015	2016	2017	2018	2019
Cash Flow from Operations	\$396.4	\$259.6	\$285.7	\$373.2	\$413.2
Capital Expenditures, net of disposals	(251.0)	(198.6)	(159.9)	(177.9)	(204.7)
Tax liability on sale of business			\$14.4		
<b>Adjusted Free Cash Flow</b>	<b>\$145.4</b>	<b>\$61.0</b>	<b>\$140.2</b>	<b>\$195.3</b>	<b>\$208.5</b>
Sale of Businesses		\$47.1	\$45.4		



# Capital Allocation Strategy

- Four key elements:



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





Questions?