

# Needham & Co. 25th Annual Growth Conference

## January 10, 2023



 **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 November 2, 2022, on our website and other periodic filings with the SEC.

# Our Mission is Based in Sustainability

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“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 20 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
- 8 Re-refineries

- **More than 15,000 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%
Refineries	9%	8%	9%
Base and Blended Oils	7%	6%	9%
Automotive Service/Repair	8%	9%	8%
Utilities	5%	4%	5%
Government	6%	5%	6%
Transportation	4%	5%	4%
Oil and Gas	4%	3%	3%
Retail	2%	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



# 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
- ~\$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

- Updated ESG report recently issued
- Demand from customers for “green” solutions and sustainable partners 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 2021
- Confident this transaction will drive considerable long-term shareholder value
- ~\$115M of base Adjusted EBITDA and \$25-\$30M in synergies expected in 2022
- Plan to achieve \$40M+ of total synergies in 2023
- Affords us network, resource and market density
- Cross-selling opportunities are abundant on both sides
- Strong cultural fit
- Rebranded all of U.S. IS on July 1<sup>st</sup>



# 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

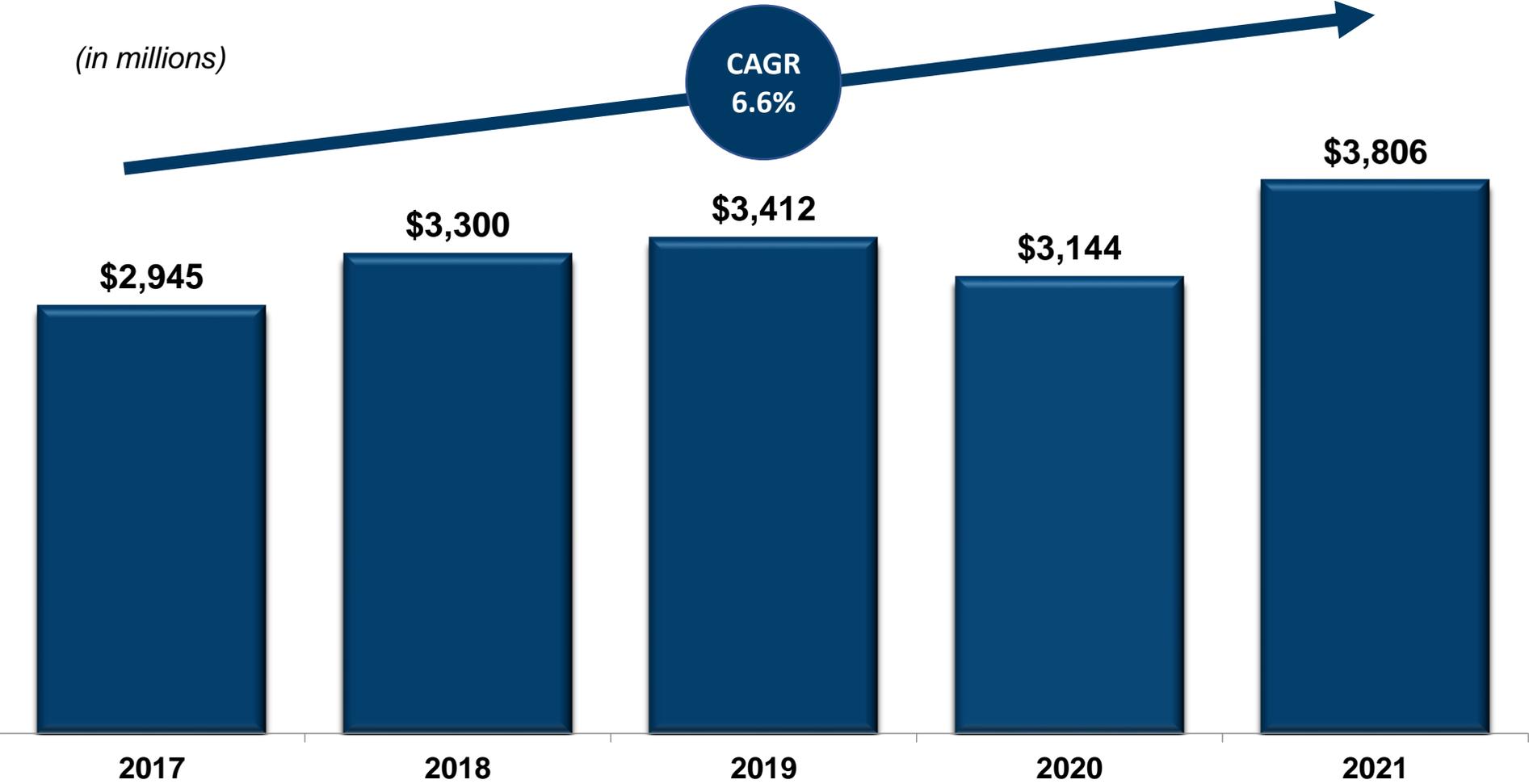


## Summary of Q3 Results

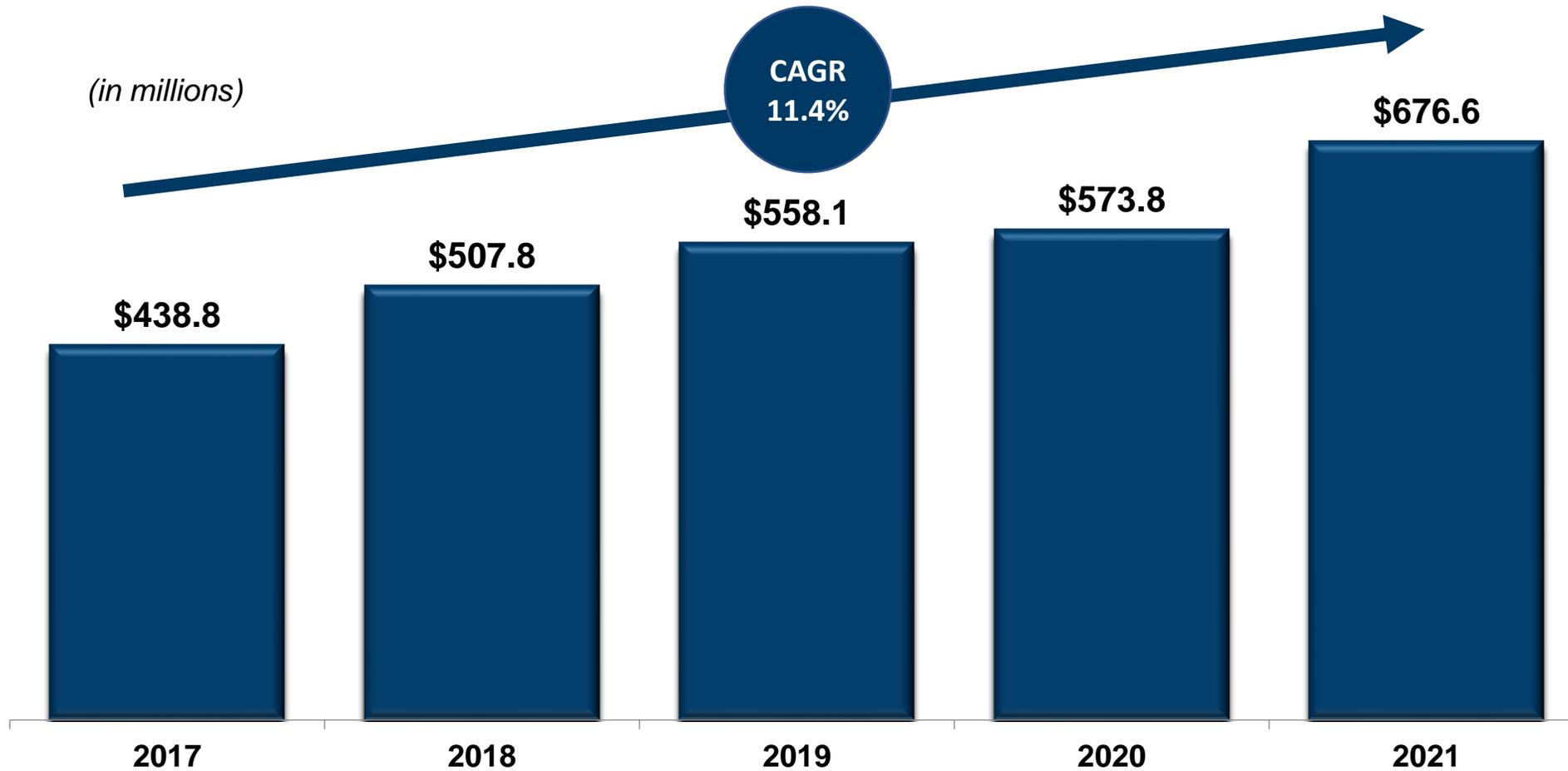
- Revenue of \$1.36 billion – ahead of expectations; Up 43% YoY reflecting the addition of HPC, organic growth and pricing to offset inflation
- Net income more than doubled to \$135.8 million; EPS of \$2.50 and Adjusted EPS\* of \$2.43
- Adjusted EBITDA\* increased 67% to \$308.6 million; Adjusted EBITDA margin of 22.6%
- Adjusted free cash flow\* was \$131.2 million compared with \$61.1 million in Q3'21
- Environmental Services segment experienced healthy demand across all service businesses and benefited from ample volumes of high-value waste streams in its disposal and recycling network
- Safety-Kleen Sustainability Solutions segment again delivered record results driven by effective spread management, favorable market dynamics and growth in recycling services
- Corporate segment increased YoY as expected largely due to HPC-related costs, partly offset by synergies and overall cost 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 November 2, 2022.

# Five-Year Revenue Performance



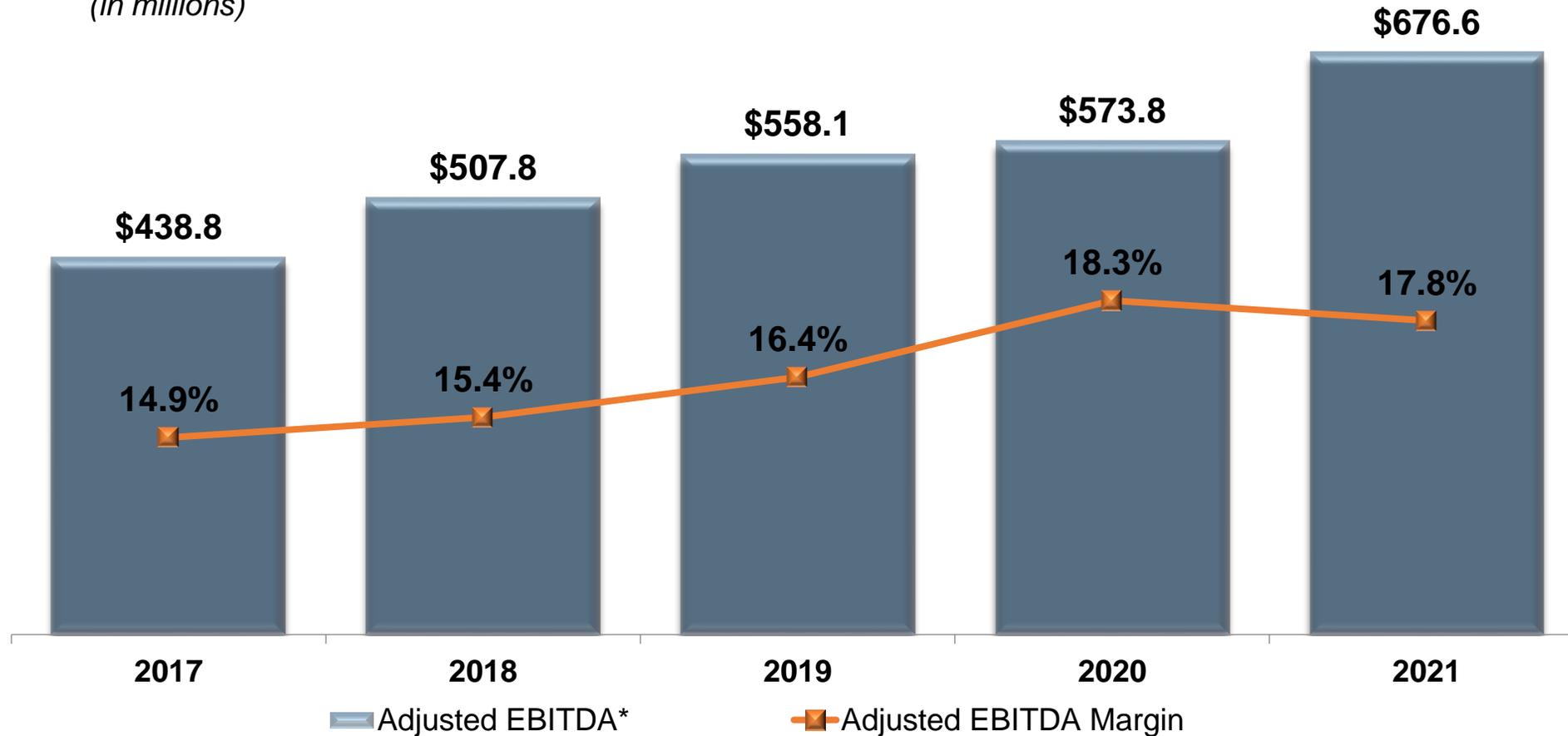
# Five-Year Adjusted EBITDA\* Performance



\* 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>	9/30/22	12/31/21
Cash and securities	\$514.1	\$534.3
Billed & unbilled receivables	\$1,161.0	\$887.7
Inventories and supplies	\$294.2	\$250.7
Current and long-term debt	\$2,525.5	\$2,534.6
Accounts payable	\$416.2	\$359.9
Environmental liabilities	\$224.0	\$211.0

# Historical Adjusted Free Cash Flow

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

# Questions





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