



# Raymond James Diversified Industrials Conference

**August 25, 2020**

40 YEARS OF SUSTAINABILITY IN ACTION



# 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, the risks and uncertainties surrounding COVID-19 and the related impact on our business, and those items identified as "Risk Factors," in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 26, 2020. 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 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 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**



**Safety-Kleen**



## Broad Asset Infrastructure

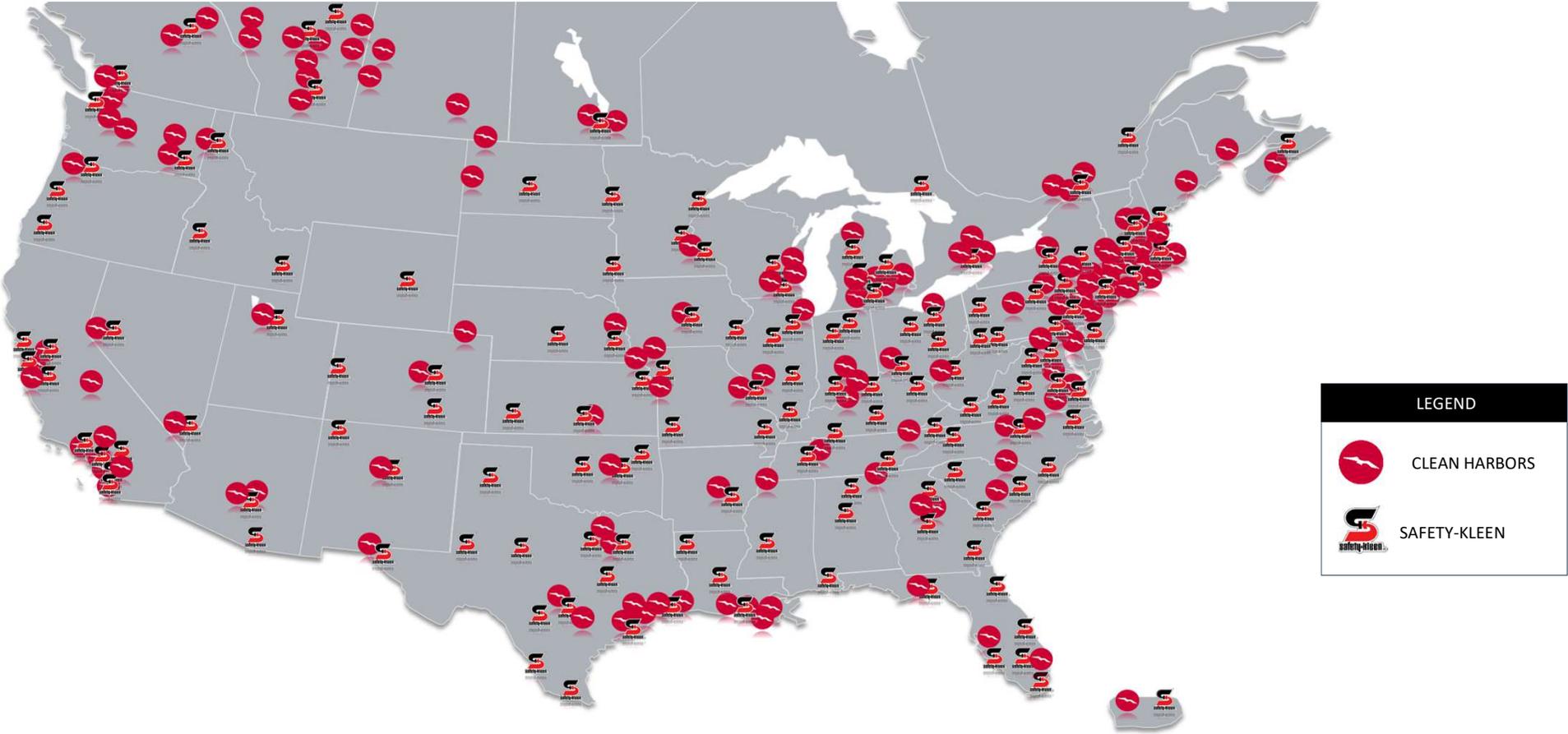
- **More than 100 Waste Management Facilities**

- 9 Incinerators
- 10 Landfill Sites
- 18 Treatment, Storage & Disposal Facilities (TSDFs)
- 8 Solvent Recycling Facilities
- 9 Wastewater Treatment Operations
- 9 Oil Accumulation Centers
- 7 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 Service/Repair	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



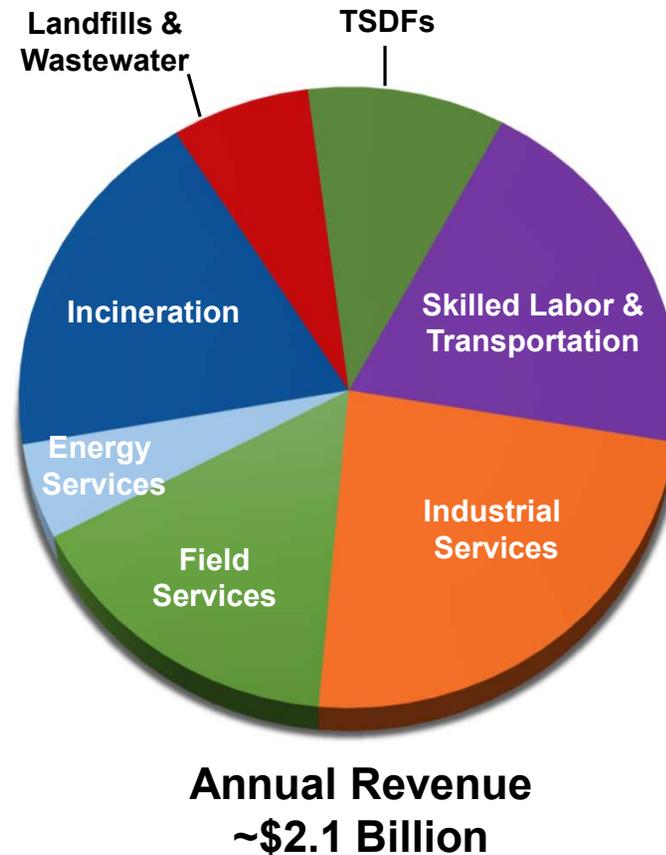
# Environmental Services

## 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



# 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

# COVID-19 Response Work

- First-mover advantage; capitalized on existing ER reputation
- Generated \$50 million in Q2; \$60M YTD
- More than 7,000 responses as of today; opening doors to new customer relationships
- Varied locations: retail stores, offices, hospitals, warehouses, manufacturing plants, schools, transportation hubs, apartment buildings and sports stadiums
- Expect work to subside over time but continue through to the vaccination stage

**Clean Harbors**  
TOP 3 WAYS CLEAN CAN HELP WITH COVID-19

BUSINESSES ACROSS THE U.S. ARE HASTILY TRYING TO FIGURE OUT HOW TO PROTECT THEIR EMPLOYEES AND THEIR CUSTOMERS. FOR 40 YEARS, CLEAN HARBORS HAS SPECIALIZED IN EMERGENCY RESPONSE AND REMEDIATION. OUR EXPERTISE AND EXPERIENCE TO HELP BUSINESSES LIKE YOURS THROUGHOUT THE U.S. IS OUR ADVANTAGE.

**1 PREPAREDNESS**  
Having the right plan in place in case of an emergency is critical to your business. Clean Harbors can help you develop a plan that works for your business and your location.

**2 BUSINESS CONTINUITY**  
If your business does face an emergency, we have the resources and expertise to help you get back up and running as quickly as possible.

**3 RESPONSE**  
When an emergency occurs, we have the resources and expertise to help you get back up and running as quickly as possible.

**Ordinary DISINFECTION**

- Can be used when there is a high probability of contamination.
- Proper hygiene tools that are good practices for prevention.
- Should not be used to contain or prevent the spread of COVID-19.
- Does not remove the contamination, it can only reduce it.

**Clean Harbors DECONTAMINATION**

- Should be utilized when there is a high probability of contamination.
- Performed by trained professionals using EPA-approved disinfectants that are effective against COVID-19.
- Includes the use of advanced equipment like foggers to ensure thorough coverage.
- Complete removal of contamination - remaining waste is safely managed and properly disposed to meet all local, state, and federal regulations.

**THE WAR ON CORONAVIRUS IS TOO DANGEROUS TO TRUST TO A JANITORIAL SERVICE.**

Whether the emergency you face is a spill or a fire, you need a company that can respond quickly and effectively. Clean Harbors is the industry leader in emergency response and remediation services. Our 40 years of experience and expertise make us the go-to company for all your emergency response needs.

Call today to set up your agreement and take the first step toward peace of mind.  
CORONAVIRUS HOTLINE  
855-487-7221 (toll free)  
decontam@cleanharbors.com

FOR MORE INFORMATION: cleanharbors.com/coronavirus

**D3 CLEAN**  
DISINFECTION  
DECONTAMINATION  
DISPOSAL

# 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

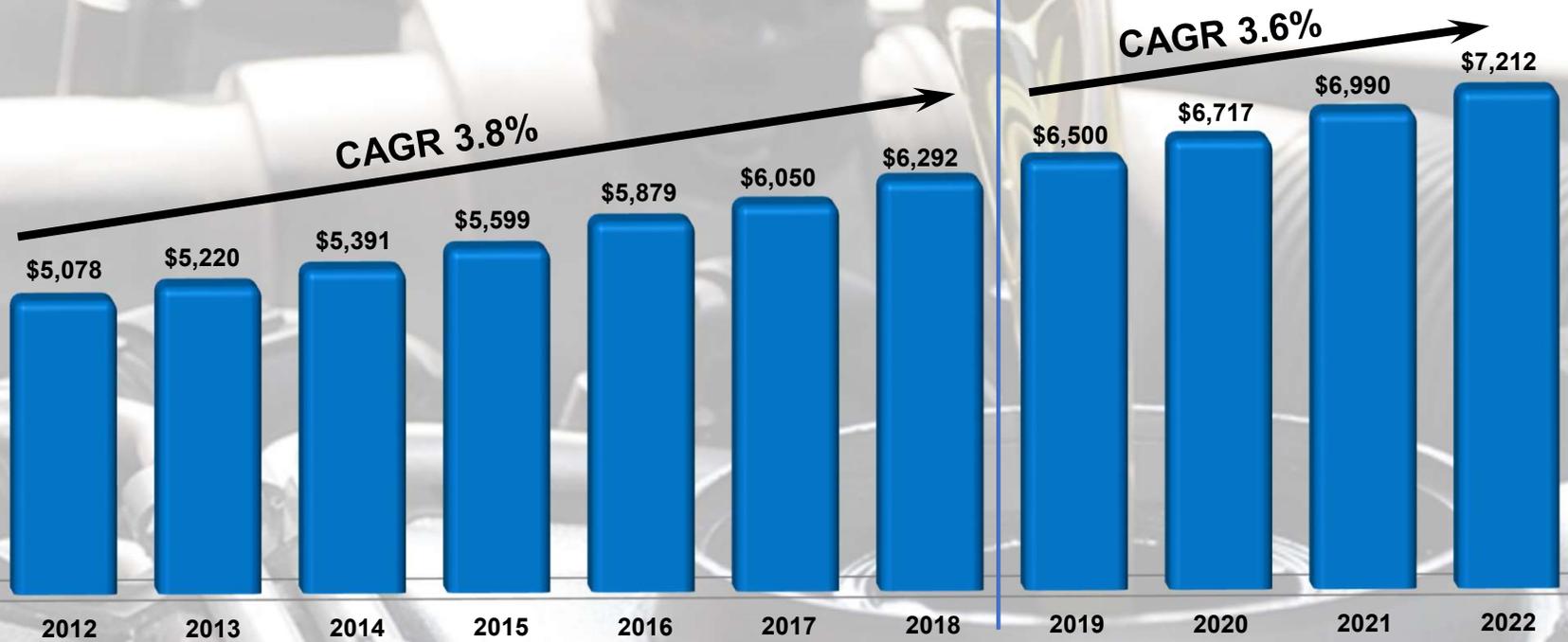


**Annual Revenue  
~\$1.2 Billion**

# Oil Change and Lube Shop Sales 2012-2022

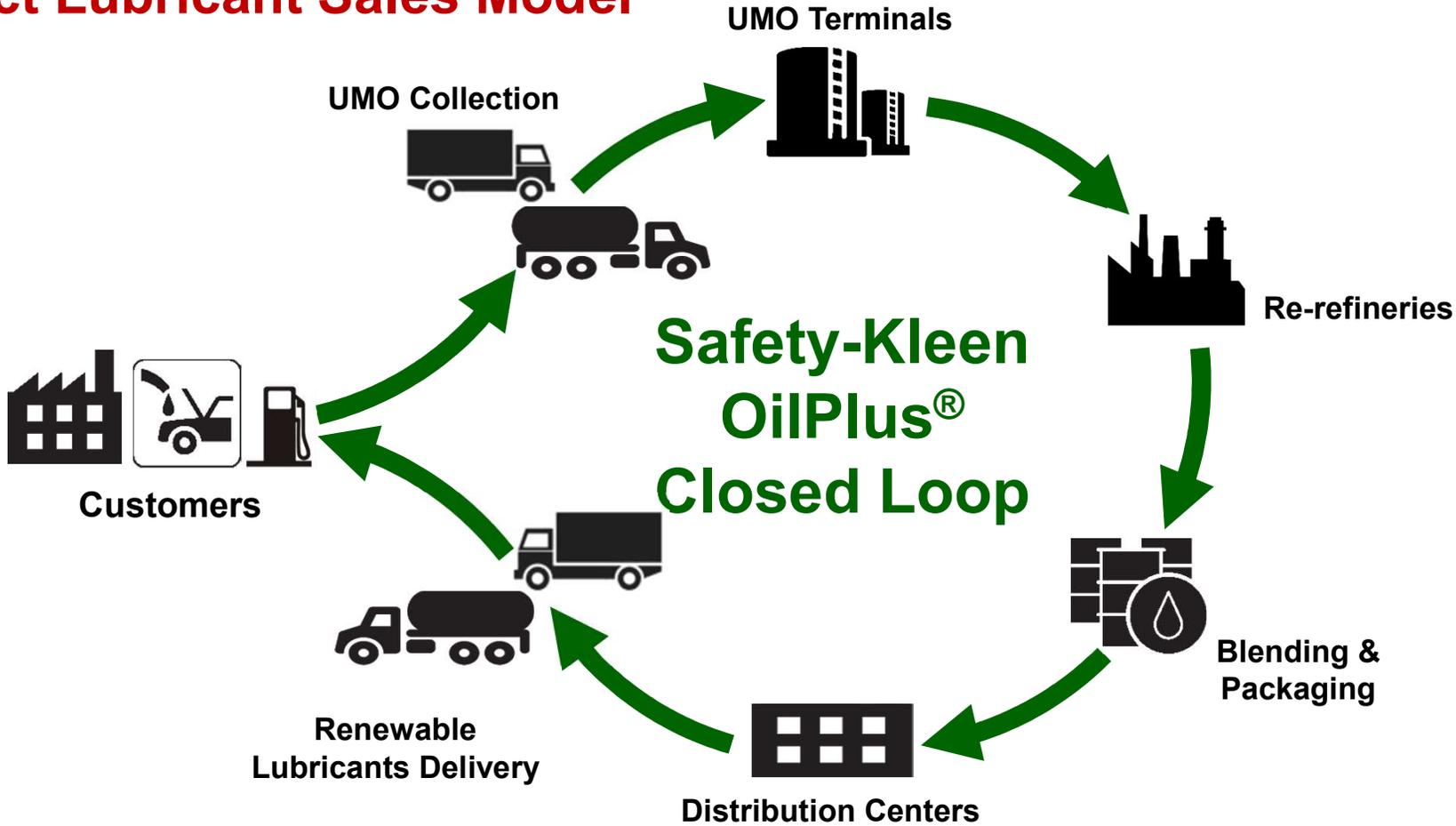
## Historical Growth

## 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

## Sustainability – Facts and Figures



**~3.5 billion gallons**  
of used oil recycled at  
our re-refineries in  
our history



**100+ total vehicles**  
refurbished in our four  
locations annually with  
**80% recycled parts**



**~1 million**  
parts washer services  
annually with used  
solvents and aqueous  
solutions



**6,000+ responses**  
annually for customers  
chemical releases into  
the environment



**~10 million**  
metric tons of CO<sup>2</sup>  
emissions avoided  
with CFC destruction  
at our incinerators



**~45 million pounds**  
of used paint collected  
and recycled annually



# CORPORATE STRATEGY

# Growth Strategies



**Expand Offerings and Geographic Coverage**



**Execute Cost, Pricing and Productivity Initiatives**



**Pursue Acquisitions and Divestitures**



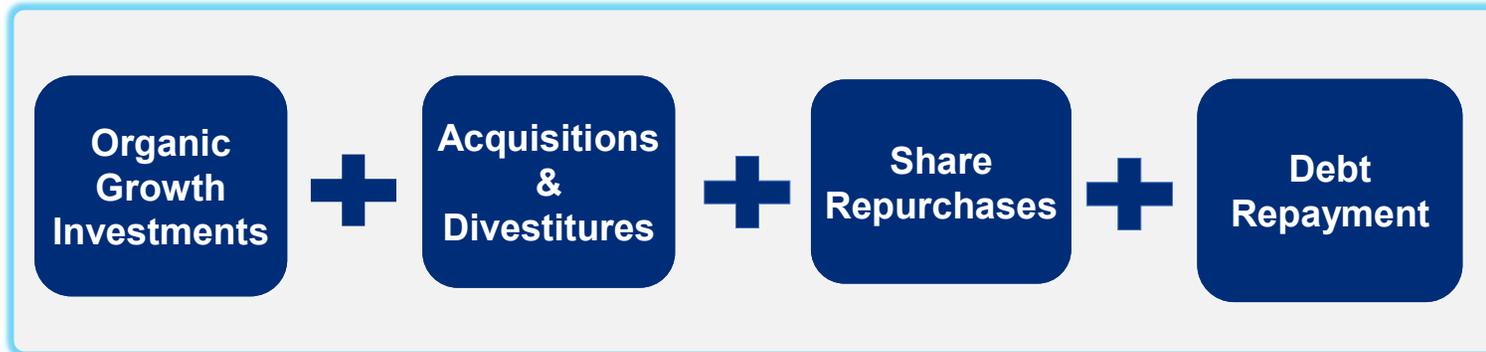
**Add Network Capacity**



**Cross-Sell Across the Businesses**

# Capital Allocation Strategy

- Four key elements:



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



# FINANCIAL OVERVIEW

## Summary of Q2 Results

- Revenue of \$710.0M reflecting overall economic slowdown resulting from the pandemic
- GAAP and Adjusted EPS of \$0.52
- Adjusted EBITDA\* was \$135.5M, including \$23.4 million from government pandemic relief programs; Adjusted EBITDA margins climbed 190 bps to 19.1%
- Adjusted free cash flow was \$98.1 million
- Environmental Services segment delivered excellent results due to strong performance in incineration and decontamination work
- Safety-Kleen segment challenged by nationwide shutdowns early in quarter and related effects on both branch business and re-refining
- Corporate segment up slightly as cost savings mostly offset bad debt, severance and higher YoY employee benefits

\* For a reconciliation of non-GAAP measures to its nearest GAAP equivalent, please refer to the company's second-quarter news release dated August 5, 2020.

## Balance Sheet Highlights

	<u>6/30/20</u>	<u>12/31/19</u>
Cash and securities	\$506.7M	\$414.4M
Billed & unbilled receivables	\$617.1M	\$701.1M
Inventories and supplies	\$219.8M	\$214.7M
Current and long-term debt obligations	\$1,634M	\$1,562M
Accounts payable	\$188.3M	\$298.4M
Environmental liabilities	\$195.1M	\$189.8M

## Historical Adjusted Free Cash Flow

<i>(USD \$ in millions)</i>	2016	2017	2018	2019	TTM 6/30/20
Cash Flow from Operations	\$259.6	\$285.7	\$373.2	\$413.2	\$448.2
Capital Expenditures, net of disposals	(198.6)	(159.9)	(177.9)	(204.7)	(216.3)
Purchase and capital improvement of corporate headquarters					21.1
Tax liability on sale of business		\$14.4			
<b>Adjusted Free Cash Flow</b>	<b>\$61.0</b>	<b>\$140.2</b>	<b>\$195.3</b>	<b>\$208.5</b>	<b>\$253.0</b>
Sale of Businesses	\$47.1	\$45.4		\$4.7	\$12.5

# QUESTIONS?