

# Fourth Quarter and Full-Year 2021 Investor Review

February 23, 2022





# 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 later today. 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 the appendix of this presentation.

# Summary of Q4 and 2021 Results

## Q4

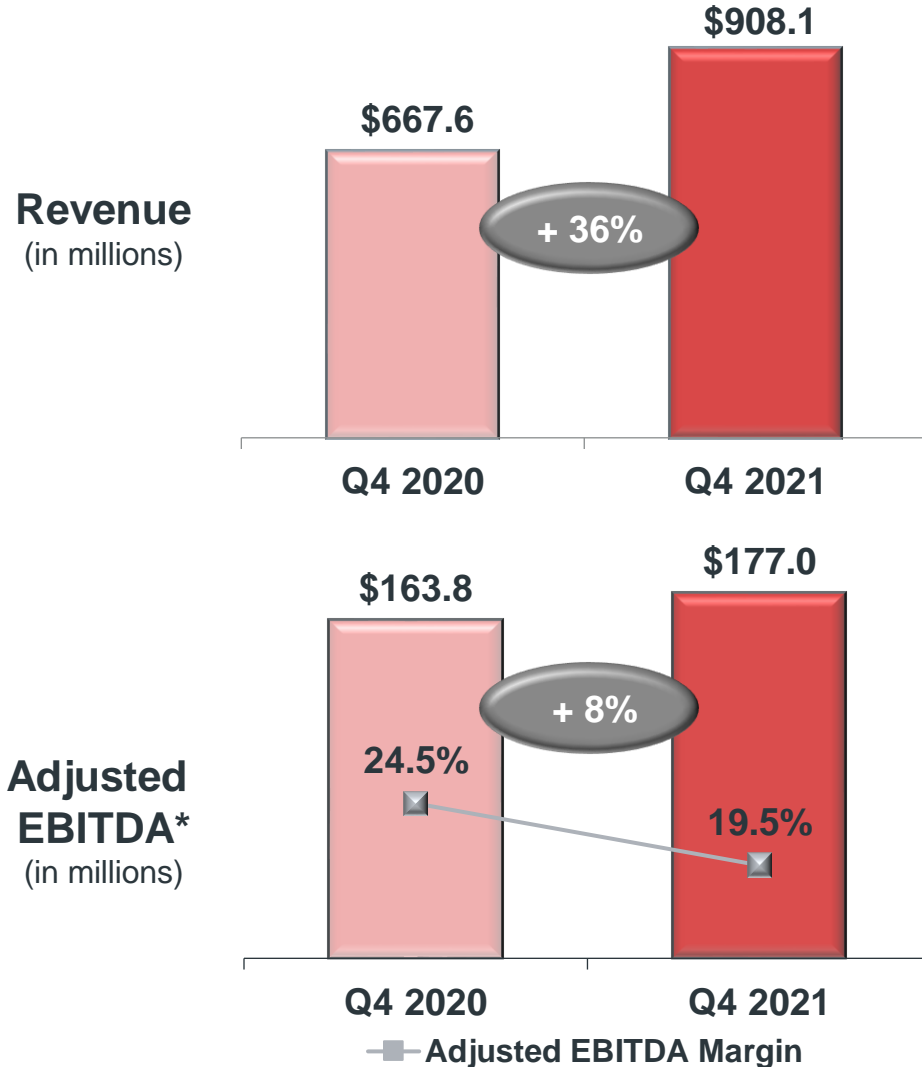
- Revenue grew 41% to \$1.12B, including \$166 million from HPC
- GAAP EPS of \$0.90; Adjusted EPS\* of \$0.89
- Adjusted EBITDA\* up 23% to \$174.3M
- Adjusted EBITDA margin was 15.6% – in line with our expectations

## Full-Year 2021

- Revenue grew 21% to \$3.81B
- GAAP EPS of \$3.71; Adjusted EPS\* of \$3.64
- Adjusted EBITDA\* increased 18% to \$676.6M
- Adjusted EBITDA margin was 17.8%
- Adjusted free cash flow\* was a record \$326.3M

\* For a reconciliation of non-GAAP measures to its nearest GAAP equivalent, please refer to the appendix in this presentation.

# Environmental Services



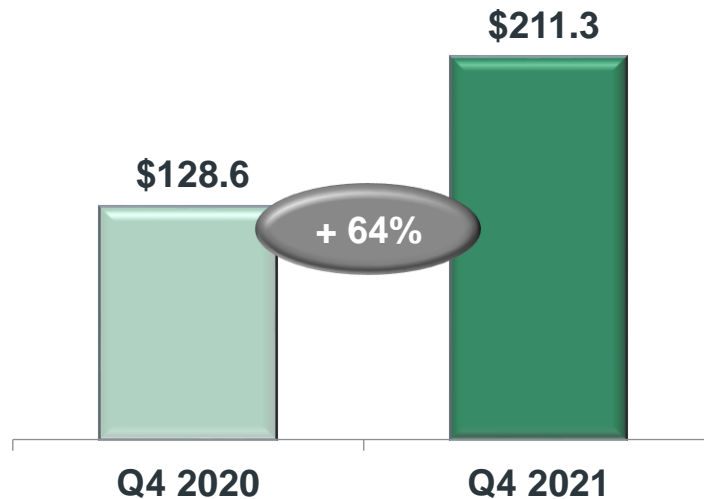
## Q4 Performance

- Revenue up sharply YoY due to the addition of HPC in early October, strong demand for our services and pricing
- Adjusted EBITDA increased due to revenue that helped more than offset the higher levels of government assistance and COVID decontamination work a year ago. Those items also impacted our margins in the quarter, along with inflationary pressures
- Incinerator utilization was 92% vs. 84% a year ago due to fewer down days and a broad mix of waste streams. Average price was flat with Q4'20 due to that mix as we generated a 10% YoY increase in volumes and lowered our backlog
- Landfill tonnage was up 15% YoY as small project volumes began to pick up
- \$11M from decontamination response work vs. \$31M a year ago; higher than expected due to the impact of Omicron
- Performed 228K parts washer services, up from 221K a year ago; most SK core offerings continue to trend positively

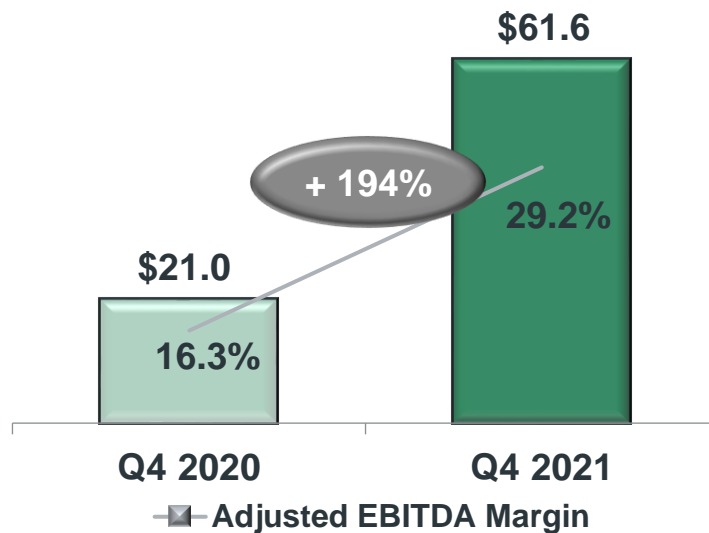
\* For a reconciliation of Adjusted EBITDA to net income, please refer to the appendix in this presentation.

# Safety-Kleen Sustainability Solutions

**Revenue**  
(in millions)



**Adjusted EBITDA\***  
(in millions)



## Q4 Performance

- Revenue increased primarily due to significantly higher base oil and blended products pricing vs a year ago, supported by steady production across our re-refinery network
- Adjusted EBITDA and margin improvement reflect the diligent management of our waste oil collection costs and continued strong base oil pricing due to supply dynamics in the overall industry
- Gathered 56 million gallons of waste oil, compared with 49 million a year ago; average collection costs are higher than a year ago as expected
- In line with our expectations due to strong demand for base oil, blended products accounted for 21% of volume compared with 25% a year ago and 21% in Q3; direct volume was 8% in the quarter, flat with a year ago and Q3

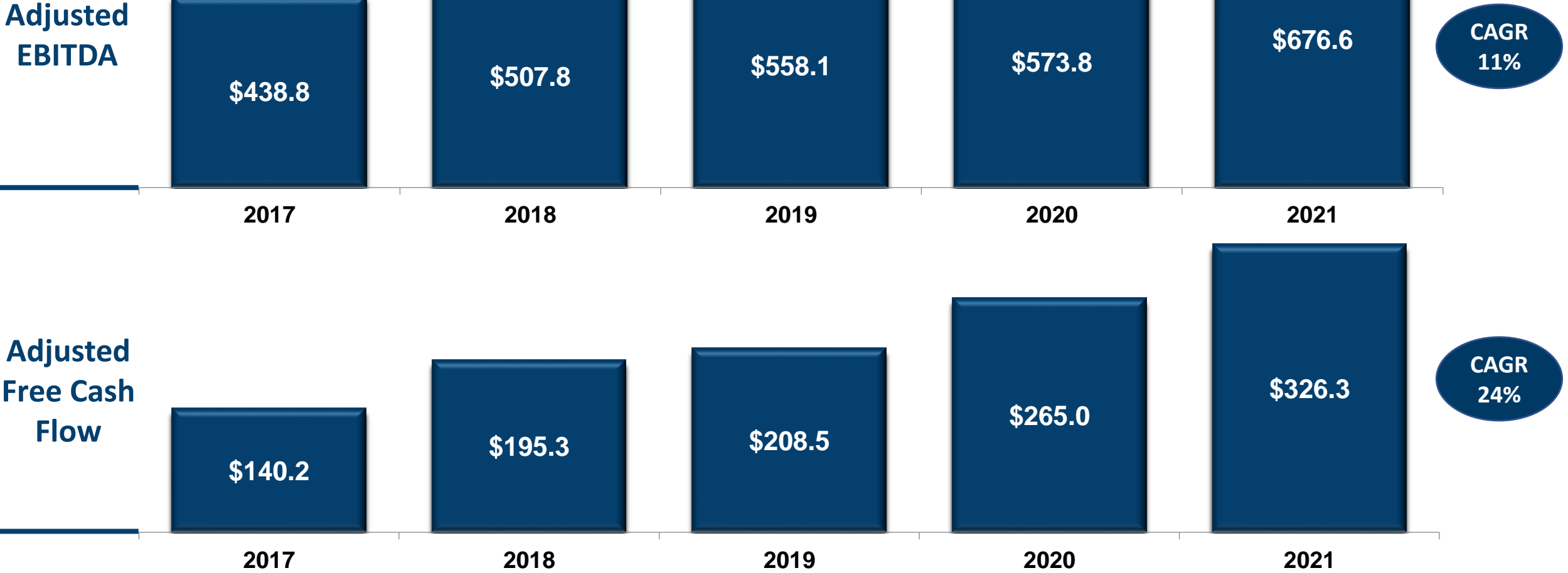
\* For a reconciliation of Adjusted EBITDA to net income, please refer to the appendix in this presentation.

# Capital Allocation Strategy – Driven by ROIC



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

# Five-Year Adjusted EBITDA and Free Cash Flow Performance





# FINANCIAL OVERVIEW





# Q4 and Full-Year 2021 Income Statement

(in millions, except per share data)

	<u>Q4 2021</u>	<u>Q4 2020</u>	<u>2021</u>	<u>2020</u>
Revenues	\$1,119.5	\$796.2	\$3,805.6	\$3,144.1
Cost of revenues	\$792.2	\$548.8	\$2,609.8	\$2,137.8
Gross profit	\$327.3	\$247.4	\$1,195.7	\$1,006.3
<i>Gross margin %</i>	<i>29.2%</i>	<i>31.1%</i>	<i>31.4%</i>	<i>32.0%</i>
Selling, general and administrative expenses	\$159.1	\$111.4	\$538.0	\$451.0
<i>SG&amp;A %</i>	<i>14.2%</i>	<i>14.0%</i>	<i>14.1%</i>	<i>14.3%</i>
Depreciation and amortization	\$82.9	\$71.4	\$298.1	\$292.9
Income from operations	\$82.2	\$61.7	\$347.9	\$251.3
Adjusted EBITDA*	\$174.3	\$141.8	\$676.6	\$573.8
<i>Adjusted EBITDA* margin %</i>	<i>15.6%</i>	<i>17.8%</i>	<i>17.8%</i>	<i>18.3%</i>
Net income	\$49.0	\$39.3	\$203.2	\$134.8
Diluted earnings per share	\$0.90	\$0.71	\$3.71	\$2.42
Adjusted earnings per share*	\$0.89	\$0.63	\$3.64	\$2.32

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

# Balance Sheet Highlights

(in millions)

	<u>12/31/21</u>	<u>9/30/21</u>	<u>12/31/20</u>
Cash and short-term marketable securities	\$534.3	\$711.5	\$571.0
Accounts payable	\$359.9	\$286.6	\$195.9
Billed and unbilled receivables	\$887.7	\$773.1	\$667.2
Current and long-term debt	\$2,535	\$1,554	\$1,557
Environmental liabilities	\$211.0	\$203.8	\$202.7

# Cash Flow Highlights

(in millions)

	<u>Q4 2021</u>	<u>Q4 2020</u>	<u>2021</u>	<u>2020</u>
Cash from operations	\$177.8	\$113.2	\$546.0	\$430.6
Capital expenditures, net of disposals	(\$89.5)	(\$43.6)	(\$219.7)	(\$186.6)
Purchase and capital improvements of corporate HQ	—	—	—	\$21.1
Adjusted free cash flow*	\$88.3	\$69.6	\$326.3	\$265.0
Share repurchases	\$6.0	\$35.3	\$54.4	\$74.8

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



# Guidance (as of February 23, 2022)

## Full-Year 2022

*(in millions)*

	Range
<b>Net Income</b>	<b>\$204 to \$237</b>
<b>Adjusted EBITDA*</b>	<b>\$765 to \$795</b>
<b>Net Cash from Operating Activities</b>	<b>\$560 to \$620</b>
<b>Adjusted Free Cash Flow*</b>	<b>\$250 to \$290</b>

\* 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, except percentages)

	For the Three Months Ended		For the Twelve Months Ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Net income	\$ 48,993	\$ 39,332	\$ 203,247	\$ 134,837
Accretion of environmental liabilities	3,120	2,902	11,745	11,051
Stock-based compensation	6,053	5,763	18,839	18,502
Depreciation and amortization	82,929	71,418	298,135	292,915
Other (income) expense, net	(1,994)	(307)	515	290
Loss on sale of businesses	—	—	—	3,376
Interest expense, net of interest income	23,704	18,272	77,657	73,120
Provision for income taxes	11,495	4,444	66,468	39,713
Adjusted EBITDA	\$ 174,300	\$ 141,824	\$ 676,606	\$ 573,804
Adjusted EBITDA Margin	15.6%	17.8%	17.8%	18.3%



# Non-GAAP Results Reconciliation

(in thousands, except per share amounts)

	For the Three Months Ended		For the Twelve Months Ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
<b>Adjusted net income</b>				
Net income	\$ 48,993	\$ 39,332	\$ 203,247	\$ 134,837
Loss on sale of businesses	—	—	—	3,376
Tax-related valuation allowances and other*	(428)	(4,303)	(3,649)	(8,805)
Adjusted net income	<u>\$ 48,565</u>	<u>\$ 35,029</u>	<u>\$ 199,598</u>	<u>\$ 129,408</u>
<b>Adjusted earnings per share</b>				
Earnings per share	\$ 0.90	\$ 0.71	\$ 3.71	\$ 2.42
Loss on sale of businesses	—	—	—	0.06
Tax-related valuation allowances and other*	(0.01)	(0.08)	(0.07)	(0.16)
Adjusted earnings per share	<u>\$ 0.89</u>	<u>\$ 0.63</u>	<u>\$ 3.64</u>	<u>\$ 2.32</u>

\* For the twelve months ended December 31, 2020, other amounts include a \$1.6 million benefit, or \$0.03 per share, related to tax benefits from impacts of amendments to prior period tax filings.

# Non-GAAP Results Reconciliation

(in thousands)

	For the Three Months Ended		For the Twelve Months Ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
<b>Adjusted free cash flow</b>				
Net cash from operating activities	\$ 177,771	\$ 113,165	\$ 545,997	\$ 430,597
Additions to property, plant and equipment	(95,202)	(45,899)	(241,856)	(196,256)
Purchase and capital improvements of corporate HQ	—	—	—	21,080
Proceeds from sale and disposal of fixed assets	5,732	2,316	22,156	9,623
Adjusted free cash flow	<u>\$ 88,301</u>	<u>\$ 69,582</u>	<u>\$ 326,297</u>	<u>\$ 265,044</u>

# Non-GAAP Guidance Reconciliation

(in millions)

	<b>For the Year Ending December 31, 2022</b>		
Projected GAAP net income	\$204	to	\$237
Adjustments:			
Accretion of environmental liabilities	13	to	12
Stock-based compensation	26	to	29
Depreciation and amortization	340	to	330
Interest expense, net	104	to	100
Provision for income taxes	78	to	87
Projected Adjusted EBITDA	<u>\$765</u>	to	<u>\$795</u>

(in millions)

	<b>For the Year Ending December 31, 2022</b>		
Projected net cash from operating activities	\$560	to	\$620
Additions to property, plant and equipment	(320)	to	(340)
Proceeds from sale and disposal of fixed assets	10	to	10
Projected adjusted free cash flow	<u>\$250</u>	to	<u>\$290</u>



# QUESTIONS?

