



Baird's 2018 Industrial Conference

November 7, 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 net 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.



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 25 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 400 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



Large U.S. Market Opportunities

~\$11 Billion

Hazardous Waste Management

- Technical Services
- Transportation, Treatment and Storage
- Recycling and Disposal

~\$14 Billion

Remediation & Industrial Services

- Remediation Services and Waste Projects
- Industrial Services
- Field Services and Emergency Response

~\$15 Billion

U.S. Lubricants Industry

- Engine Oils
- Transmission and Hydraulic Fluids



Sources: Environmental Business Journal and MarketResearch.com

Broad Asset Infrastructure

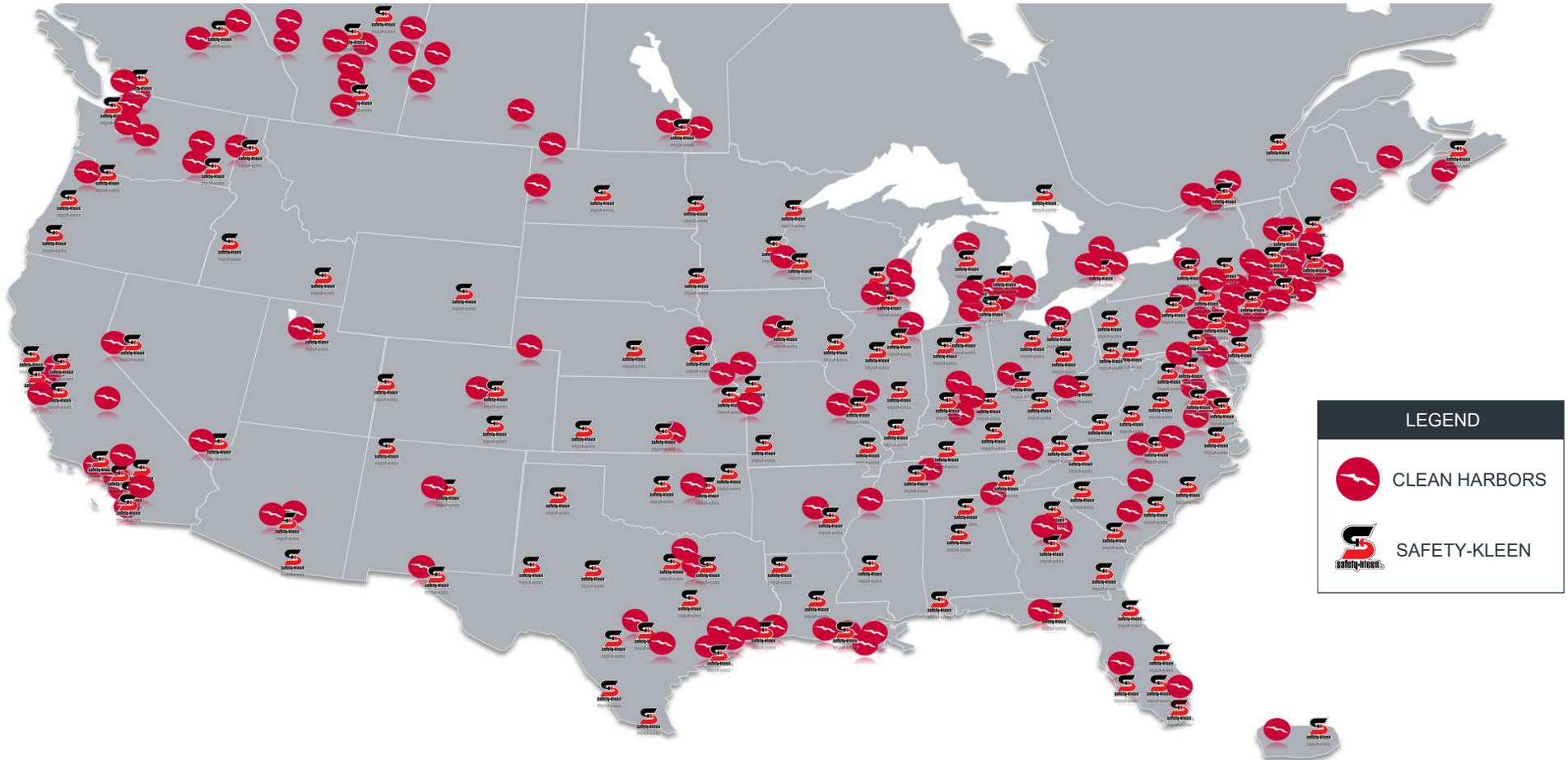
- **More than 100 Waste Management Facilities**

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

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



Expansive Service Network





Reporting Segments

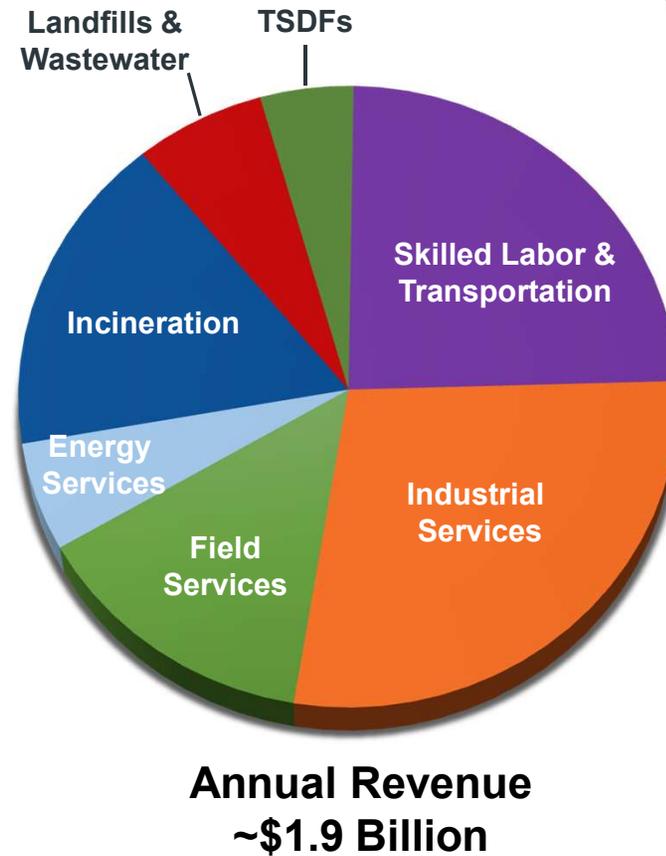
Environmental Services

Business Drivers

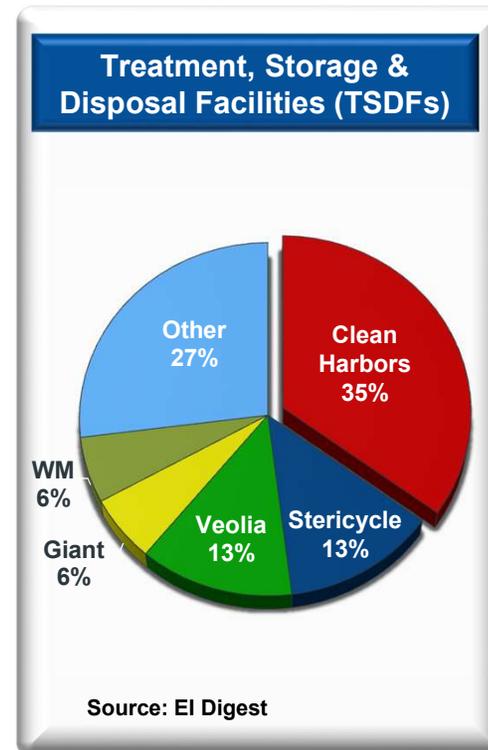
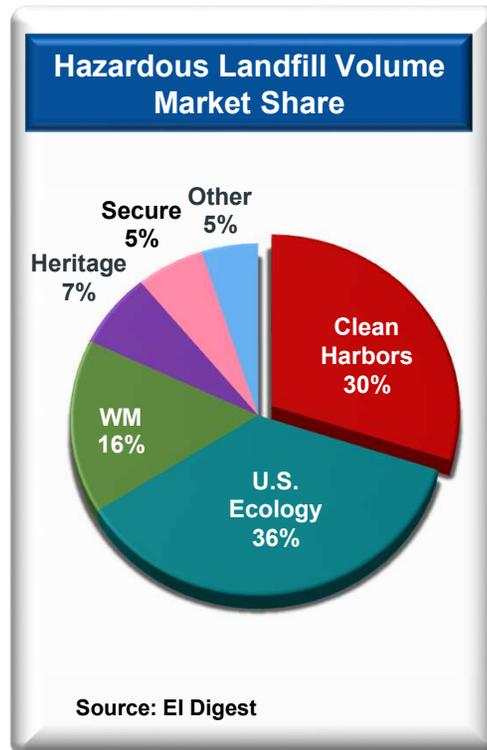
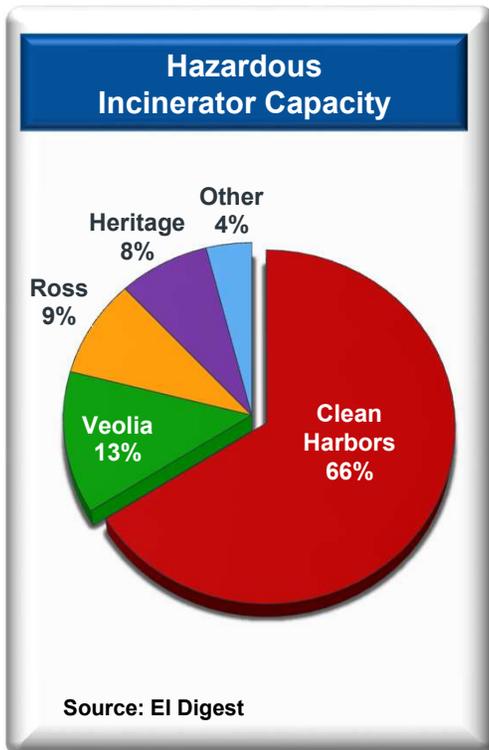
- GDP and industrial output
- Regulation and compliance
- Captive incinerator market
- Demand for turnarounds
- Emergency Response events
- Cross-selling with Safety-Kleen

Key Metrics

- Incineration utilization
- Landfill volumes



Competitive Landscape: Industry Leading Position in Hazardous Waste



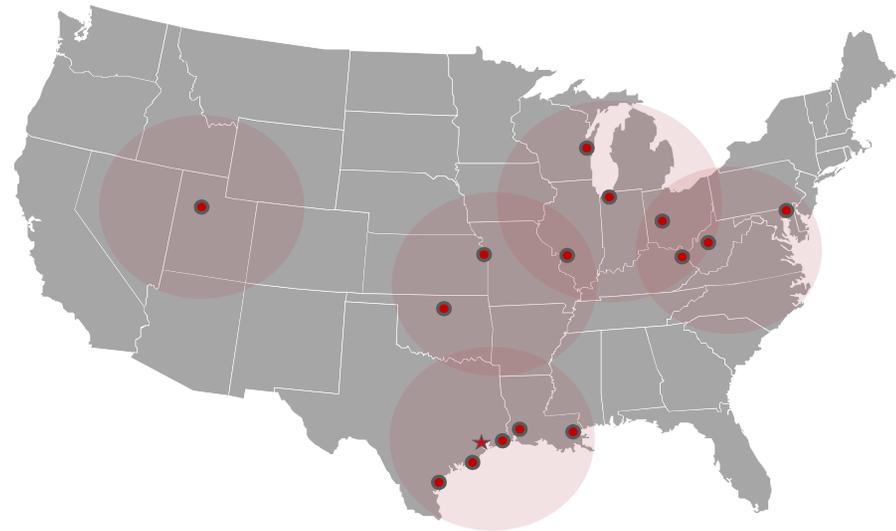
Veolia Industrial Services Acquisition

Business Snapshot:

- 2017 revenue of ~\$210 million
- 1,300 employees
- More than 60 locations with the majority “nested” at customer sites
- Extensive fleet of vehicles and specialized equipment

Strategic Rationale:

- Adds significant size and scale
- Expands our geographic reach
- Access to more waste volumes
- Adds management talent
- Provides more base business



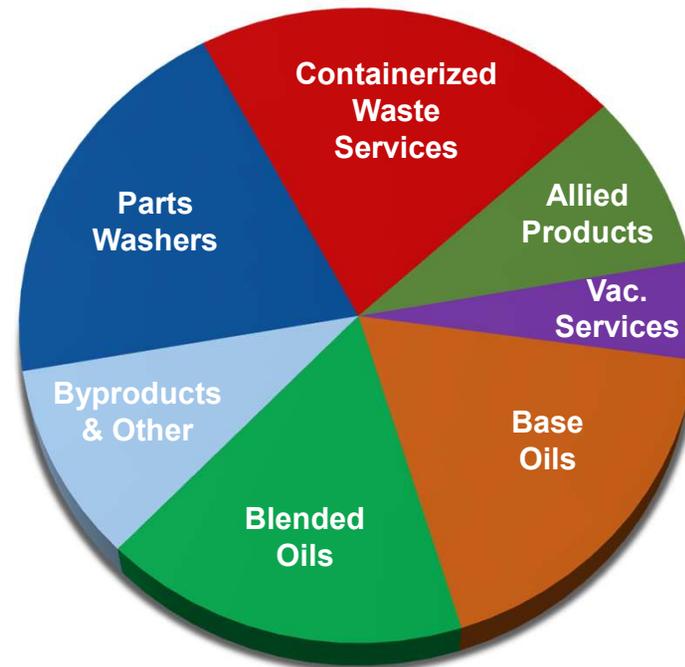
Safety-Kleen

Business Drivers

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

Key Metrics

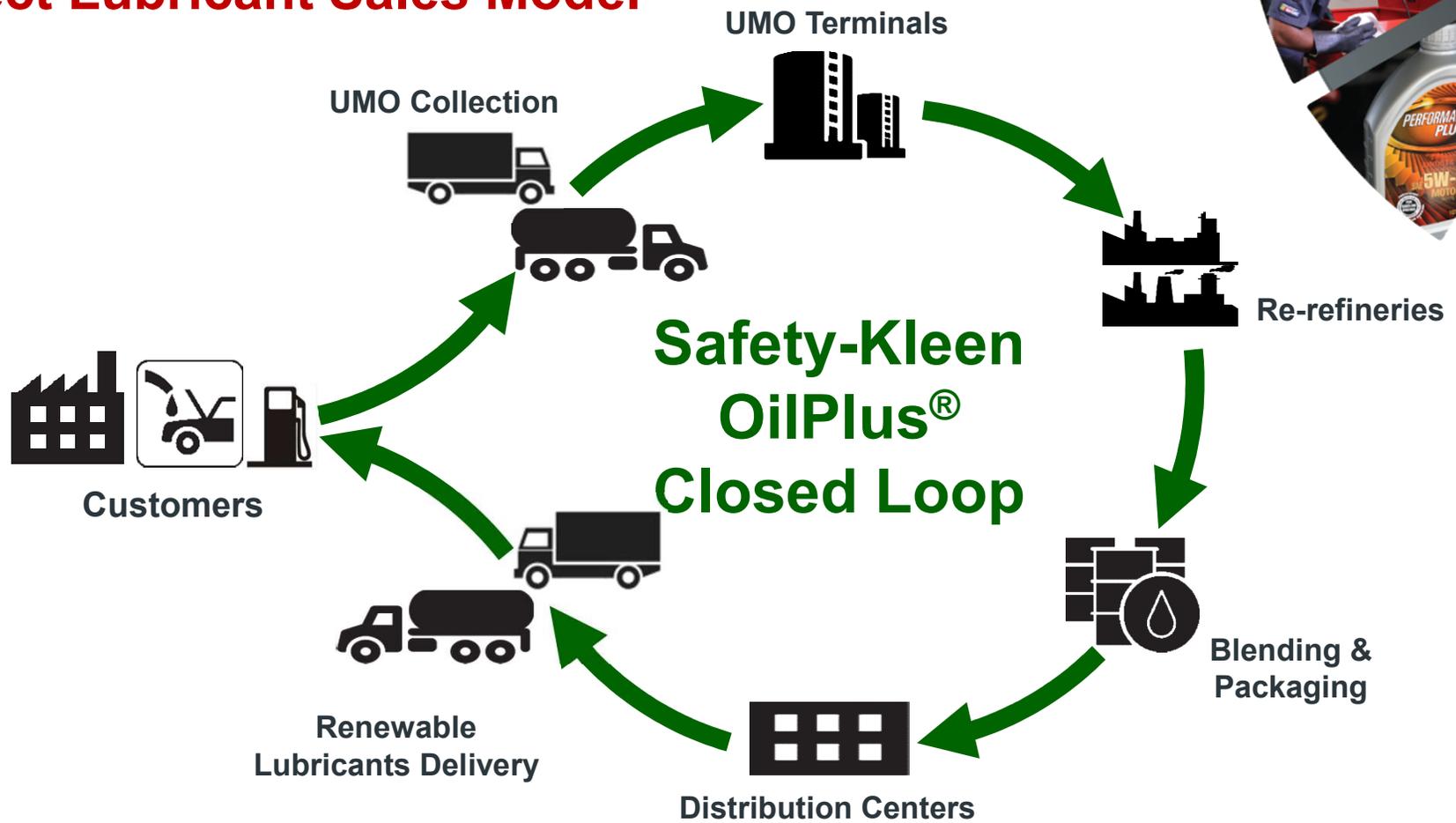
- Average UMO price
- Waste oil volume collected
- Number of parts washers services
- % of blended sales and direct volumes



**Annual Revenue
~\$1.3 Billion**



Direct Lubricant Sales Model



Focus on Sustainability

- **Re-refineries:** More than 3.1 billion gallons of used oil processed in its history; avoiding over 24 million metric tons of GHG
- **Solvent recycling:** ~1 million parts washer services annually using recycled solvents and aqueous solutions
- **Incinerators:** 7.9 million metric tons of CO2 emissions avoided since 2013 by CFC destruction
- **PaintCare program:** 45 million pounds of paint reclaimed and recycled in 2017
- **Refurbishment shops:** 80% of all materials are recycled
- **Energy usage:**
 - Facility Energy Conservation (FEC) Program at 350 facilities; partnered with Schneider Electric
 - Fleet Management Program: CNG/LNG vehicles, auto-idler systems, best-in-class lifecycle programs, speed governors, re-burn systems for improved emissions, vehicle solar panels
- **Paperless billing:** 1.8 million sheets of paper avoided annually
- **Emergency Response:** Nearly 6,000 ER services provided to communities in 2017, 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



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
 - Margin improvement through better utilization and cost management
- **Integrating Veolia and capturing revenue/cost synergies**





Financial Overview

Summary of Q3 Results

- Revenue increases 12% to \$843.2M, driven by higher pricing, mix of waste volumes and Veolia acquisition
- Net income of \$0.55 per diluted share; Adjusted EPS of \$0.59
- Adjusted EBITDA* growth of 15% to \$141.3 million
- Growth of Environmental Services revenue and profitability on:
 - ✓ Veolia contribution – in line with expectations
 - ✓ Improved pricing/mix of waste streams
 - ✓ Increase in Industrial/Energy/Field Services
 - ✓ Favorable comp with Q3'17 due to effects of Hurricane Harvey
- Safety-Kleen up on higher pricing, effective spread management and incremental growth in branch's core offerings



* For a reconciliation of Adjusted EBITDA to net income, please refer to the company's third-quarter news release dated October 31, 2018

Balance Sheet Highlights

	<u>9/30/18</u>	<u>12/31/17</u>
Cash and securities	\$252.9M	\$357.6M
Billed & unbilled receivables	\$672.6M	\$564.8M
DSO	75 days	72 days
Inventories and supplies	\$196.0M	\$176.0M
Current and long-term debt	\$1,624M	\$1,630M
Accounts payable	\$248.4M	\$224.2M
Environmental liabilities	\$188.1M	\$185.5M



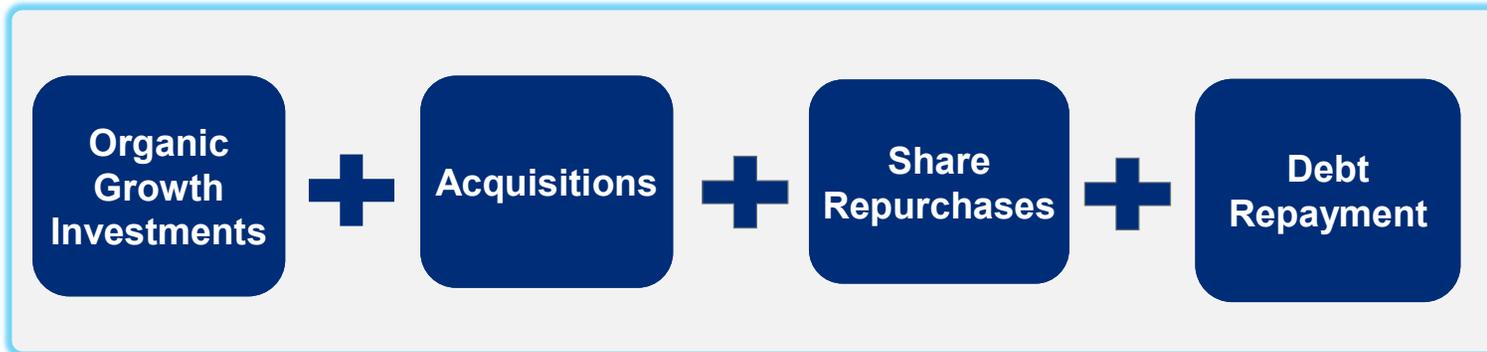
Historical Adjusted Free Cash Flow



<i>(USD \$ in millions)</i>	2013	2014	2015	2016	2017	TTM 9/30/18
Cash Flow from Operations	\$415.8	\$297.4	\$396.4	\$259.6	\$285.7	\$311.4
Capital Expenditures, net of disposals	(275.5)	(249.4)	(251.0)	(198.6)	(159.9)	(182.1)
Tax liability on sale of business					\$14.4	\$14.4
Adjusted Free Cash Flow	\$140.3	\$48.0	\$145.4	\$61.0	\$140.2	\$143.7
Sale of Businesses				\$47.1	\$45.4	\$45.4

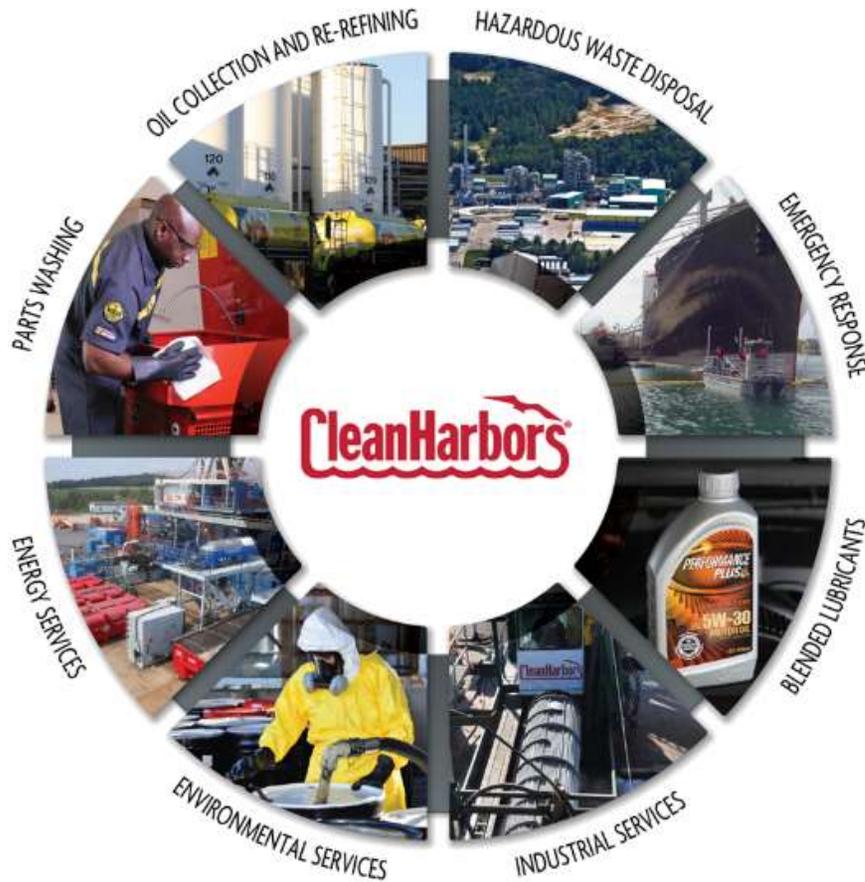
Capital Allocation Strategy

- Four key elements:



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





Questions?