

# First Quarter 2022 Investor Review

May 4, 2022



 **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 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.

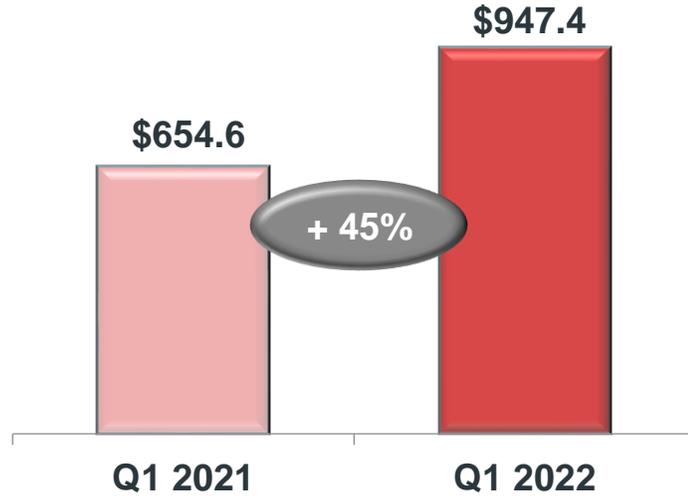
# Summary of Q1 Results

- Revenue of \$1.17B – ahead of expectations; Up 45% YoY reflecting the addition of HPC and strong organic growth
- GAAP and Adjusted EPS\* of \$0.83
- Adjusted EBITDA\* increased 39% to \$180.3M; Adjusted EBITDA margin of 15.4%
- Adjusted free cash flow\* was (\$107.6) million compared with \$62.3 million in Q1'21 due to increased capex, higher incentive comp, working capital needs and timing of certain items
- Environmental Services segment benefited from continued strong demand for disposal and upward trend across all service businesses; margin decline reflects non-recurring benefits in Q1' 21 partially offset by pricing and cost measures
- Safety-Kleen Sustainability Solutions segment delivered substantial increase in profitability due to pricing environment, supported by effective spread management
- Corporate segment up YoY, due to HPC costs, wage increases and higher healthcare costs

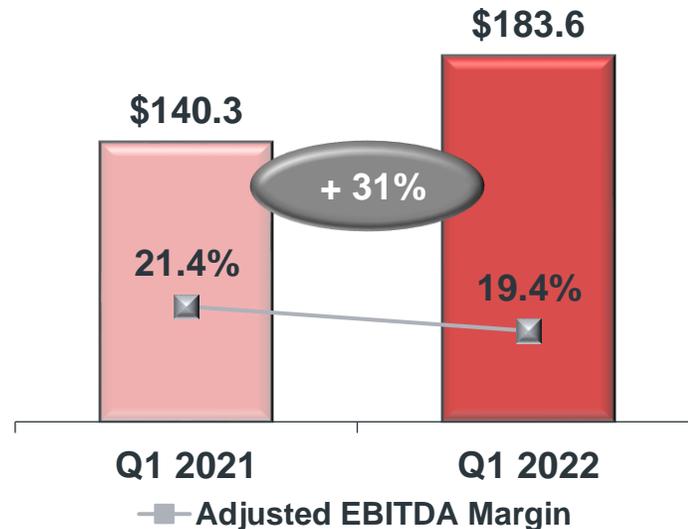
\* For a reconciliation of non-GAAP measures to its nearest GAAP equivalent, please refer to the appendix in this presentation.

# Environmental Services

**Revenue**  
(in millions)



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



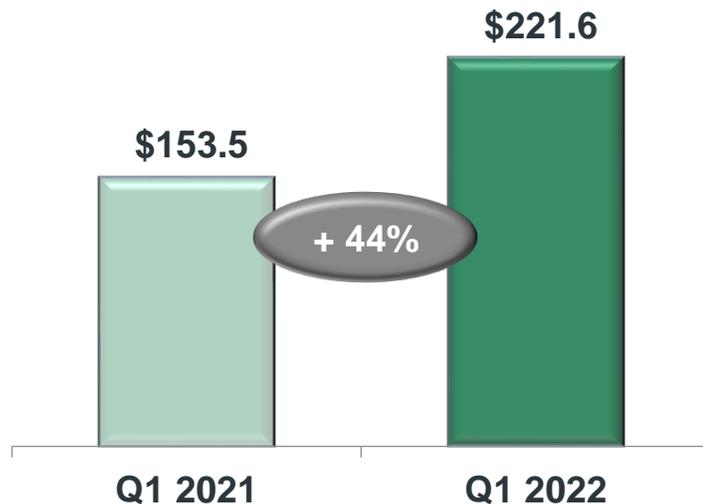
## Q1 Performance

- Revenue up sharply YoY due to HPC acquisition, demand for services and higher pricing
- Adjusted EBITDA increased primarily due to higher revenue. Margins down YoY due to higher levels of government assistance and ER work a year ago, as well as HPC not yet achieving full synergies
- Incinerator utilization was 85% vs. 80% a year ago. Average price up slightly from Q1'21 due to mix of waste streams
- Landfill tonnage was up 14% YoY as we continue to see an uptick in project volumes; Pricing flat due to mix
- \$9M from decontamination response work, mostly early in the quarter, vs. \$28M a year ago
- Performed 233K parts washer services vs 235K a year ago; demand for all SK branch offerings continues to grow and has reached pre-pandemic levels

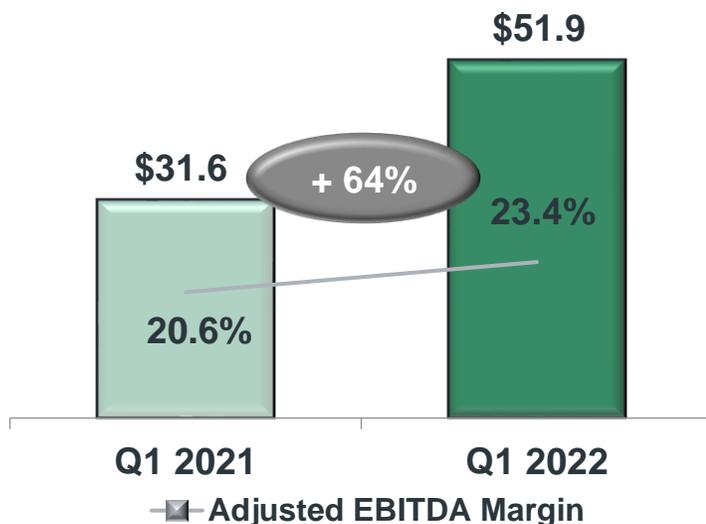
\* For a reconciliation of Adjusted EBITDA to net income, please refer to the appendix in this presentation.

# Safety-Kleen Sustainability Solutions

**Revenue**  
(in millions)



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



## Q1 Performance

- Revenue up significantly due to higher base oil and blended products pricing vs a year ago, along with steady production across our network of re-refineries
- Adjusted EBITDA and margin improvement reflect increased base oil pricing driven by industry supply dynamics and crude pricing, as well as effective management of waste oil collection costs
- Gathered 53 million gallons of waste oil, compared with 47 million a year ago; average collection costs are higher than a year ago but better than our expectations and lower than Q4
- Due to continued strong demand for base oil, blended products only accounted for 21% of volume compared with 23% a year ago and 21% in Q4; direct volume was 7% in the quarter, flat with Q1 2021

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

## Multiple Companywide Organic Growth Initiatives

- Expanded inside sales team
- Launched key-account initiative to foster greater cross selling, including HPC
- Invested in marketing and branding programs



- Moving forward with construction of Kimball; additional capacity attractive to owners of captive incinerators

# 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



# Q1 Income Statement

(in millions, except per share data)

	<u>Q1 2022</u>	<u>Q1 2021</u>
Revenues	\$1,169.1	\$808.1
Cost of revenues	\$843.4	\$560.5
Gross profit	\$325.7	\$247.6
<i>Gross margin %</i>	<i>27.9%</i>	<i>30.6%</i>
Selling, general and administrative expenses	\$151.2	\$121.6
<i>SG&amp;A %</i>	<i>12.9%</i>	<i>15.1%</i>
Depreciation and amortization	\$84.3	\$72.2
Income from operations	\$87.1	\$50.9
Adjusted EBITDA*	\$180.3	\$129.5
<i>Adjusted EBITDA* margin %</i>	<i>15.4%</i>	<i>16.0%</i>
Net income	\$45.3	\$21.7
Diluted earnings per share	\$0.83	\$0.39
Adjusted earnings per share*	\$0.83	\$0.42

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

# Balance Sheet Highlights

(in millions)

	<u>3/31/22</u>	<u>12/31/21</u>	<u>3/31/21</u>
Cash and short-term marketable securities	\$414.9	\$534.3	\$570.7
Accounts payable	\$394.2	\$359.9	\$213.4
Billed and unbilled receivables	\$1,024.2	\$887.7	\$675.4
Current and long-term debt	\$2,531.5	\$2,534.6	\$1,556.1
Environmental liabilities	\$225.4	\$211.0	\$205.4

# Cash Flow Highlights

(in millions)

	<u>Q1 2022</u>	<u>Q1 2021</u>
Cash (used in) from operations	(\$38.6)	\$103.0
Capital expenditures, net of disposals	(\$69.0)	(\$40.7)
Adjusted free cash flow*	<u>(\$107.6)</u>	<u>\$62.3</u>
Share repurchases	\$3.7	\$26.5

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

# Guidance (as of May 4, 2022)

## Full-Year 2022

*(in millions)*

	Range
<b>Net Income</b>	<b>\$225 to \$258</b>
<b>Adjusted EBITDA*</b>	<b>\$800 to \$830</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)

	<b>For the Three Months Ended</b>	
	<b><u>March 31, 2022</u></b>	<b><u>March 31, 2021</u></b>
Net income	\$ 45,314	\$ 21,736
Accretion of environmental liabilities	3,156	2,953
Stock-based compensation	5,712	3,480
Depreciation and amortization	84,298	72,163
Other (income) expense, net	(704)	1,228
Interest expense, net of interest income	25,017	17,918
Provision for income taxes	<u>17,466</u>	<u>9,973</u>
Adjusted EBITDA	<u><u>\$ 180,259</u></u>	<u><u>\$ 129,451</u></u>
Adjusted EBITDA Margin	15.4%	16.0%

# Non-GAAP Results Reconciliation

(in thousands, except per share amounts)

	<b>For the Three Months Ended</b>	
	<u>March 31, 2022</u>	<u>March 31, 2021</u>
<b>Adjusted net income</b>		
Net income	\$ 45,314	\$ 21,736
Tax-related valuation allowances and other	114	1,648
Adjusted net income	<u>\$ 45,428</u>	<u>\$ 23,384</u>
<b>Adjusted earnings per share</b>		
Earnings per share	\$ 0.83	\$ 0.39
Tax-related valuation allowances and other	—	0.03
Adjusted earnings per share	<u>\$ 0.83</u>	<u>\$ 0.42</u>

# Non-GAAP Results Reconciliation

(in thousands)

	<u>For the Three Months Ended</u>	
	<u>March 31, 2022</u>	<u>March 31, 2021</u>
<b>Adjusted free cash flow</b>		
Net cash (used in) from operating activities	\$ (38,629)	\$ 103,000
Additions to property, plant and equipment	(70,308)	(41,913)
Proceeds from sale and disposal of fixed assets	<u>1,320</u>	<u>1,204</u>
Adjusted free cash flow	<u>\$ (107,617)</u>	<u>\$ 62,291</u>

# Non-GAAP Guidance Reconciliation

(in millions)

	<b>For the Year Ending December 31, 2022</b>		
Projected GAAP net income	\$225	to	\$258
Adjustments:			
Accretion of environmental liabilities	13	to	12
Stock-based compensation	26	to	29
Depreciation and amortization	340	to	330
Interest expense, net	110	to	106
Provision for income taxes	86	to	95
Projected Adjusted EBITDA	<u>\$800</u>	to	<u>\$830</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





(NYSE: CLH)

42 Longwater Drive  
Norwell, MA 02061

Jim Buckley  
SVP, Investor Relations  
781-792-5100

Email: [Buckley.James@CleanHarbors.com](mailto:Buckley.James@CleanHarbors.com)

[www.cleanharbors.com](http://www.cleanharbors.com)