



TECHNICAL SERVICES



SAFETY-KLEEN



INDUSTRIAL & FIELD SERVICES



OIL & GAS FIELD SERVICES



Second Quarter 2015 Investor Review

Presented August 5, 2015

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 as presented in these slides, is a supplemental measure of our performance. In each case, this measure is not required by, or presented in accordance with, generally accepted accounting principles in the United States (“GAAP”). Adjusted EBITDA is not a measurement of our financial performance or financial position under GAAP and should not be considered as an alternative to net sales, net income or any other performance measures derived in accordance with GAAP or as alternatives to cash flow from operating activities as measures of our liquidity.

Adjusted EBITDA consists of net income plus accretion of environmental liabilities, depreciation and amortization, net interest expense, provision for income taxes, other non-cash charges not deemed representative of our fundamental business performance, and excludes other expense (income). Our management considers Adjusted EBITDA to be a measurement of performance which provides useful information to both management and investors. Because Adjusted EBITDA is not calculated identically by all companies, our measurement of Adjusted EBITDA may not be comparable to similarly titled measures reported by other companies. All amounts in USD unless otherwise noted.

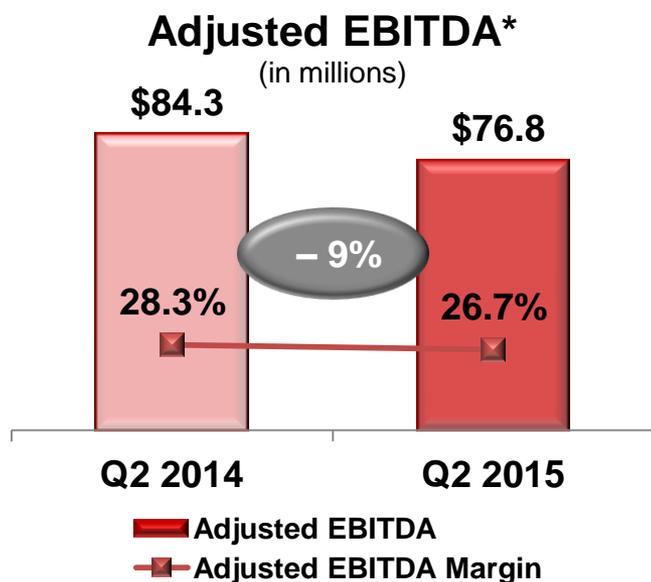
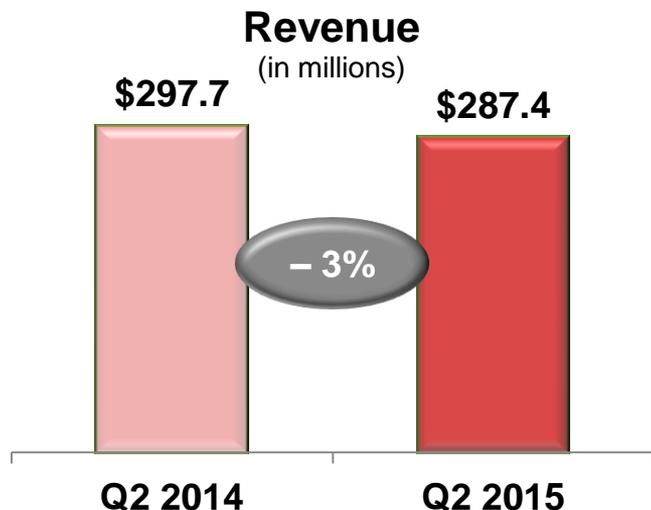
For a reconciliation of adjusted income from operations, adjusted net income, adjusted earnings per share and Adjusted EBITDA to net income, please refer to the appendix in this presentation.

Summary of Q2 Results

- Q2 revenue was a record \$936.2 million, up 9% from prior year with emergency response (ER) events driving the increase
- Q2 Adjusted EBITDA* of \$163.1 million, an increase of 20%; Adjusted EBITDA margin of 17.4%, up 160 basis points
- Industrial & Field Services saw improvement from ER work, U.S. turnaround activity and stable base business
- SK Environmental achieved very strong quarter, supported by Thermo Fluids (TFI) addition
- Technical Services slightly down on lower landfill volumes brought on by project delays
- Oil Re-refining and Recycling rebounded strongly from Q1
- Lodging and Oil & Gas continued to reflect the challenging macro environment and ongoing slowdown in the energy space

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

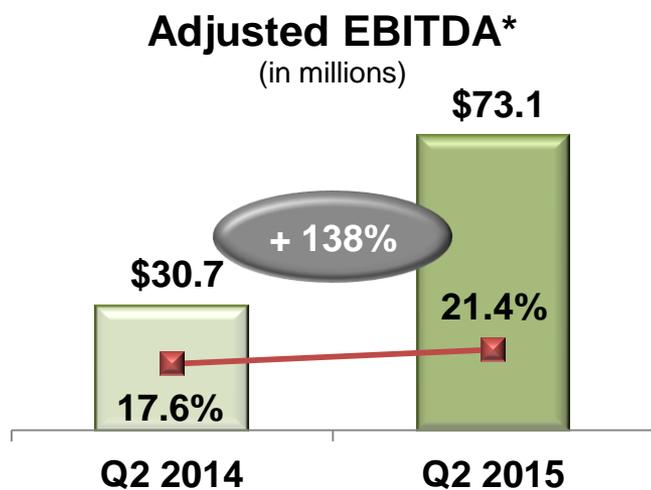
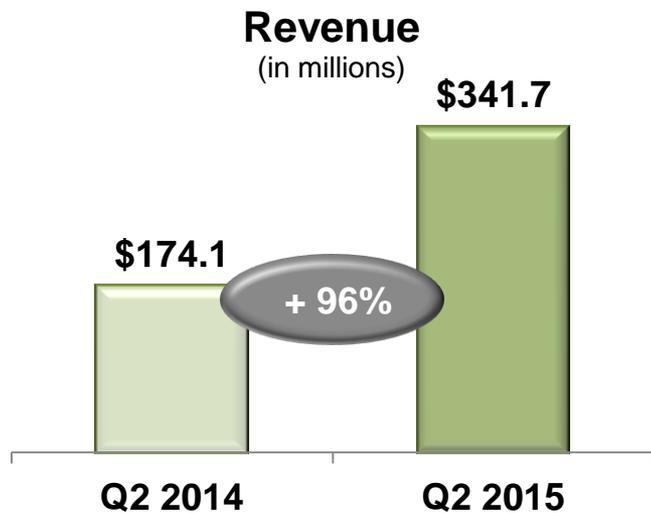




Q2 Performance

- Revenue down slightly YoY due to waste project delays, lower E&P volumes, unplanned outages and currency translation, which outweighed gains in drum volumes and bulk solids
- Adjusted EBITDA and margins down due to lower revenues, business mix and delay of certain high-margin volumes/projects
- Incinerator utilization at 91% for quarter; 91% for both U.S. and Canada
- Landfill tonnage down 29% YoY

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

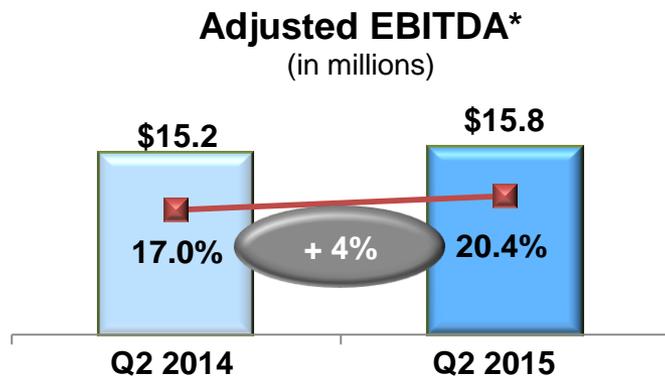
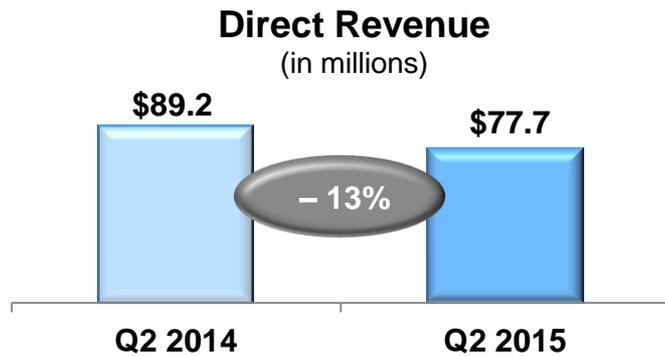
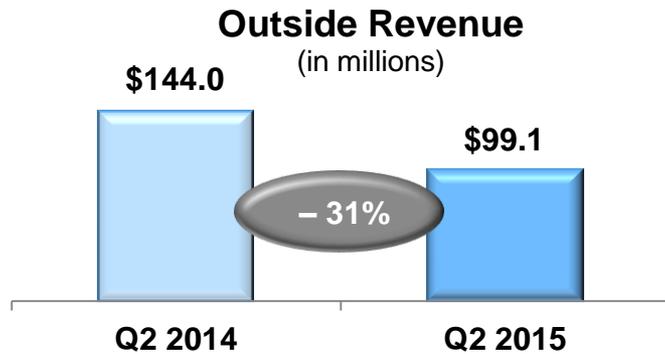


■ Adjusted EBITDA
■ Adjusted EBITDA Margin

Q2 Performance

- Revenue increased substantially due to ER events, as well as growth in a number of our specialty industrial services related to U.S. turnaround activity
- Base business in Field Services also continued its growth trajectory through collaboration with Safety-Kleen
- Oil Sands and currency translation effect remain headwinds in base Industrial business
- Significantly higher profitability and margins due to ER work and mix
- Personnel utilization of 87%, consistent with a year ago and up from 77% in Q1

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



■ Adjusted EBITDA
■ Adjusted EBITDA Margin

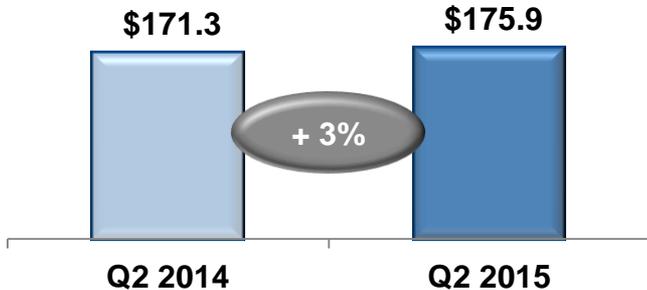
Q2 Performance

- Outside revenue down 31% YoY due to lower base oil and blended pricing; direct revenue also down due to pricing
- Continued to push forward with Zero-Pay and Charge-for-Oil initiative, as well as lowering transportation costs
- Profitability increased slightly and margins grew more than 300 bps due to better costs and operational efficiencies
- Blended products accounted for 33% of volume, down from 37% in Q2 a year ago and flat with 33% in Q1 2015

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

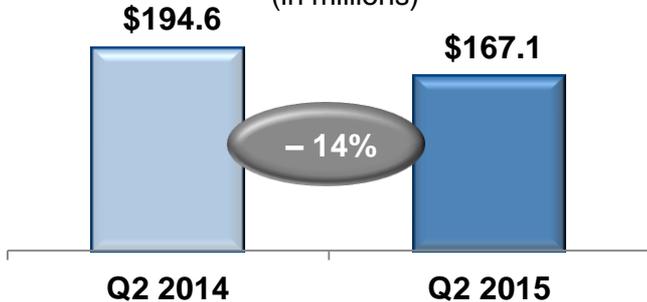
Outside Revenue

(in millions)



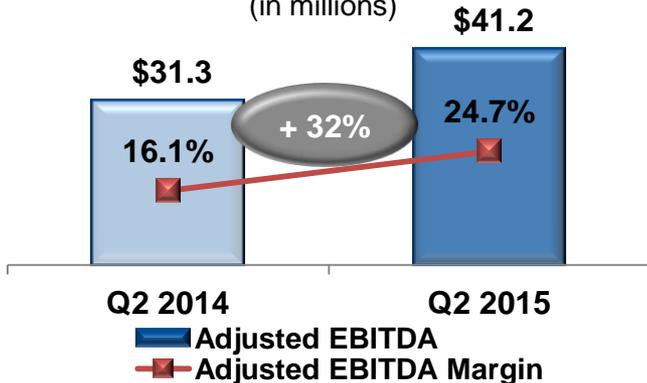
Direct Revenue

(in millions)



Adjusted EBITDA*

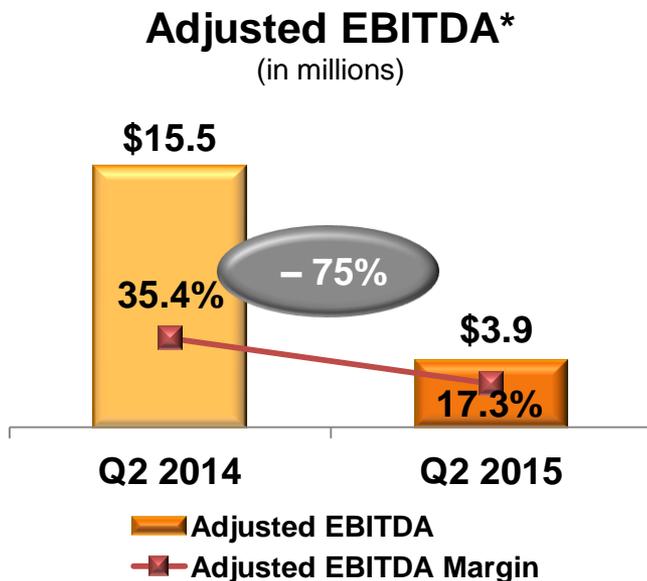
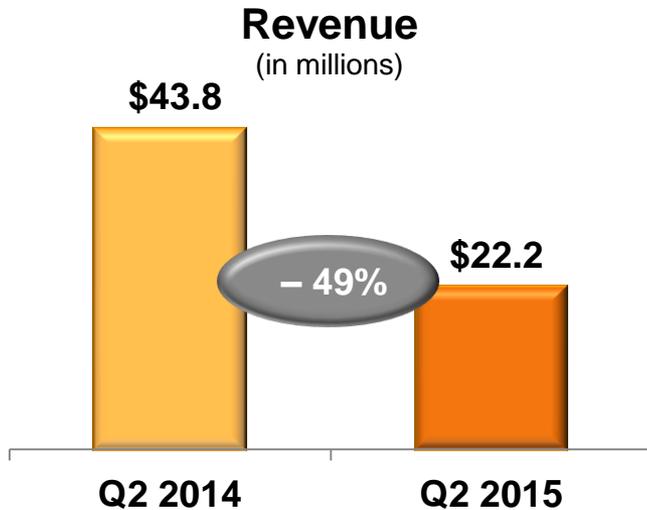
(in millions)



Q2 Performance

- Outside revenue up slightly as addition of TFI and increase in base business offset decrease in S-K RFO revenue
- Direct revenue decline again reflects lower intercompany contribution caused by reduction in PFO
- Significant increase in Adjusted EBITDA and margin improvement reflect business mix, cost reductions and TFI contribution
- 248K parts washer services conducted, up from the 225K reported in Q2 2014
- Collected more than 59 million gallons of waste oil vs. 55 million in Q2 2014
- PFO decline continued with average down three cents from Q1

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



Q2 Performance

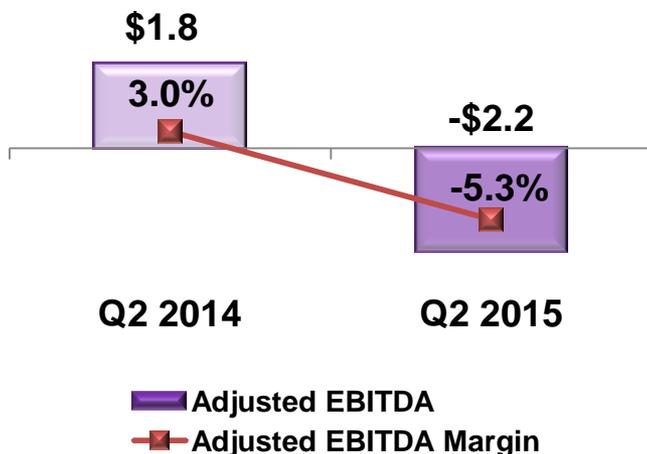
- Revenue down YoY primarily due to combination of lower occupancy and reduced room rates at fixed locations as Oil Sands environment remains challenging
- Additional headwinds included currency translation effect, lower mobile camp activity and limited manufacturing opportunities
- Profitability and margins down significantly due to pricing pressure, occupancy levels and business mix
- Outside room utilization at primary fixed lodges was 31%, compared with 50% in Q1 and 72% in Q2 a year ago

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

Revenue
(in millions)



Adjusted EBITDA*
(in millions)



Q2 Performance

- Revenue decline reflects ongoing softness in energy markets in both Canada and U.S., as well as currency translation
- Similar trends as prior quarters: seismic limited by lower exploration budgets; surface rentals facing lower rig counts; fewer project opportunities for production services
- Profitability and margins down again due to revenue decline, pricing pressure and currency
- Average number of rigs serviced was 74, down from 124 in Q2 2014
- Average utilization of key equipment was 32%, compared with 40% a year ago and 51% in Q1

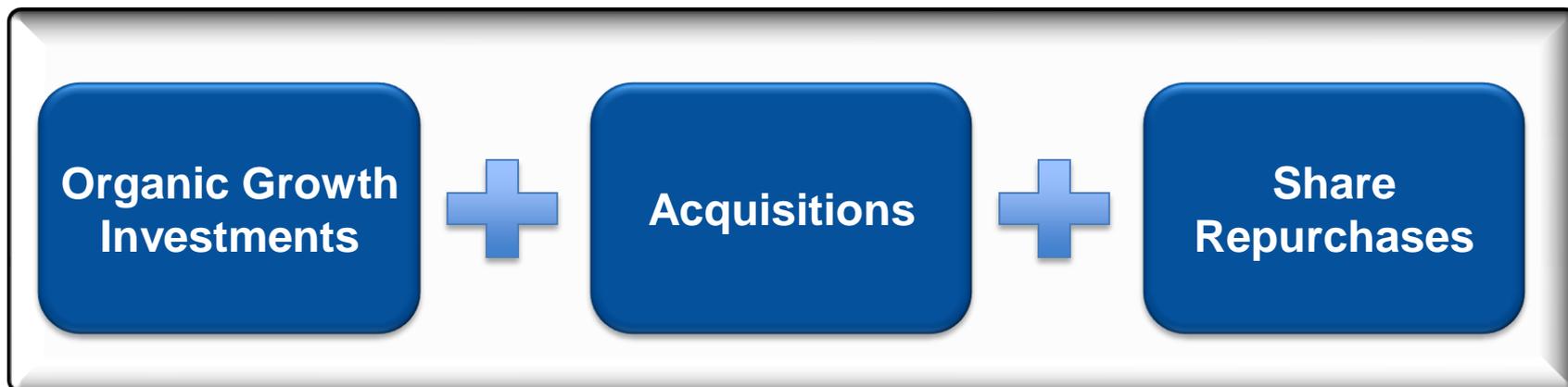
* For a reconciliation of Adjusted EBITDA to net income, please refer to the appendix in this presentation.

Corporate Update

- Carve-out continues to proceed on schedule
 - Preparing audited financials – engaged auditor
 - Undergoing a branding exercise – expect new name later this year
 - In process of assembling executive team and board of directors
 - On track to be prepared to go public after January 1, 2016
- Integrating TFI acquisition
 - Aligning closely with existing Safety-Kleen collection network and rail assets
 - Beginning cross-selling of environmental services to TFI's 20,000 customers

Capital Allocation Strategy

- Three key elements:



- Mix will be determined on a relative basis by: performance, price, risk, opportunity and cost of capital
- Will deploy capital with a focus on building long-term shareholder value and improving returns, particularly ROIC

Outlook



Technical Services

- Extending disposal momentum at incinerators
- Pursuing strong pipeline of large volume projects for landfill business
- Proceeding with construction of new El Dorado incinerator



Industrial and Field Services

- Managing ongoing emergency response events
- Allocating resources to maximize turnaround season in U.S. and Canada
- Cross-selling Field Services to S-K and TFI customers



Oil Re-refining and Recycling

- Lowering transportation costs through “highest margin routing” program
- Increasing emphasis on expanding blended products percentage
- Piloting direct sales program to drive additional blended product opportunities

Outlook



SK Environmental Services

- Opening new branches or co-locating with existing Field Services locations
- Driving average PFO down further while maintaining sufficient volumes
- Integrating TFI by optimizing network and cross-selling environmental services



Lodging Services

- Focusing on maximizing fixed lodge usage, moving assets as necessary
- Seeking opportunities for underutilized mobile assets including pipeline projects
- Pursuing outside manufacturing opportunities in additional markets



Oil and Gas Field Services

- Capitalizing on some emerging opportunities in seismic market
- Gaining market share in shale plays to increase utilization
- Focusing on reducing costs to better reflect current environment



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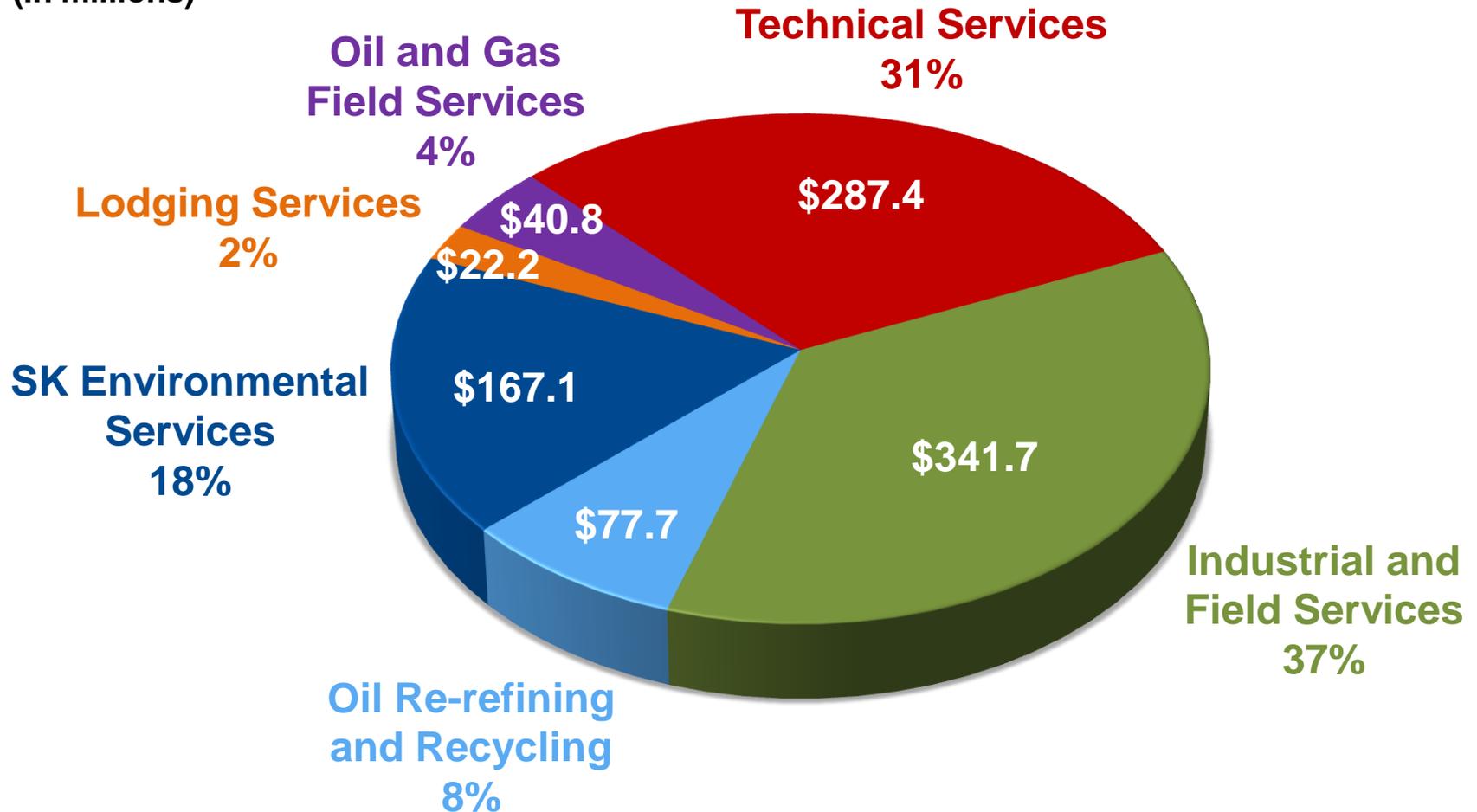
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Financial Review

Reporting Segments – Q2 Direct Revenue

(In millions)



Q2 Income Statement

(In millions, except per share data)

	<u>Q2 2015</u>	<u>Q2 2014</u>
Revenue	\$936.2	\$858.5
Cost of revenues	\$652.7	\$607.0
Gross profit	\$283.5	\$251.5
<i>Gross margin %</i>	30.3%	29.3%
Selling, general and administrative expenses	\$120.4	\$115.7
<i>SG&A %</i>	12.9%	13.5%
Depreciation and amortization	\$67.8	\$66.1
Income from operations	\$60.8	\$67.1
Adjusted EBITDA*	\$163.1	\$135.8
<i>Adjusted EBITDA* margin %</i>	17.4%	15.8%
Net income	\$10.4	\$28.7
Diluted earnings per share	\$0.18	\$0.47
Adjusted earnings per share*	\$0.72	\$0.47

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



Balance Sheet and Cash Flow Highlights

(In millions)

Balance Sheet Highlights

	<u>6/30/15</u>	<u>3/31/15</u>	<u>12/31/14</u>
Cash and cash equivalents	\$173.6	\$233.7	\$246.9
Accounts payable	\$365.1	\$244.2	\$267.3
Billed and unbilled receivables	\$722.0	\$554.9	\$597.9
Days sales outstanding (DSO)	71 days	72 days	71 days
Environmental liabilities	\$200.6	\$200.9	\$205.8

Q2 2015

Q1 2015

Q2 2014

Cash Flow Highlights

Capital expenditures (net of disposals)	\$69.3	\$52.2	\$61.1
Cash flow from operations	\$109.0	\$84.8	\$110.3
Share repurchase	\$16.1	\$16.1	\$15.0

Guidance (as of August 5, 2015)

Q3 2015

	Range	
Adjusted EBITDA* (in millions)	\$165	\$170

2015

	Range	
Adjusted EBITDA* (in millions)	\$530	\$570

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





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Questions & Answers





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Appendix

Non-GAAP Reconciliation

(in thousands)	For the Three Months Ended:		For the Six Months Ended:	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Net income	\$ 10,395	\$ 28,672	\$ 3,306	\$ 37,632
Accretion of environmental liabilities	2,599	2,609	5,218	5,333
Depreciation and amortization	67,773	66,075	136,129	135,431
Goodwill impairment charge	31,992	—	31,992	—
Other expense (income)	660	655	251	(3,523)
Interest expense, net	19,249	19,382	38,687	38,936
Provision for income taxes	30,454	18,406	25,816	23,976
Adjusted EBITDA	<u>\$163,122</u>	<u>\$135,799</u>	<u>\$241,399</u>	<u>\$237,785</u>

Non-GAAP Reconciliation

(in thousands except per share amounts)	For the Three Months Ended:		For the Six Months Ended:	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Adjusted income from operations				
Income from operations	\$ 60,758	\$ 67,115	\$ 68,060	\$ 97,021
Goodwill impairment charge	31,992	—	31,992	—
Adjusted income from operations	<u>\$ 92,750</u>	<u>\$ 67,115</u>	<u>\$ 100,052</u>	<u>\$ 97,021</u>
Adjusted net income				
Net income	\$ 10,395	\$ 28,672	\$ 3,306	\$ 37,632
Goodwill impairment charge	31,992	—	31,992	—
Adjusted net income	<u>\$ 42,387</u>	<u>\$ 28,672</u>	<u>\$ 35,298</u>	<u>\$ 37,632</u>
Adjusted earnings per share				
Earnings per share	\$ 0.18	\$ 0.47	\$ 0.06	\$ 0.62
Goodwill impairment charge	0.54	—	0.54	—
Adjusted earnings per share	<u>\$ 0.72</u>	<u>\$ 0.47</u>	<u>\$ 0.60</u>	<u>\$ 0.62</u>

Non-GAAP Reconciliation

	For the Quarter Ending September 30, 2015			For the Year Ending December 31, 2015		
	Amount			Amount		
	(In millions)			(In millions)		
Projected GAAP net income	\$42	to	\$48	\$64	to	\$95
Adjustments:						
Accretion of environmental liabilities	3	to	3	11	to	10
Depreciation and amortization	69	to	66	275	to	265
Goodwill impairment charge	--	to	--	32	to	32
Interest expense, net	19	to	19	76	to	76
Provision for income taxes	32	to	34	72	to	92
Projected Adjusted EBITDA	\$165	to	\$170	\$530	to	\$570