

**CleanHarbors**  
TECHNICAL SERVICES

**Kleen**  
PERFORMANCE PRODUCTS  
OIL PRODUCTS



**CleanHarbors**  
OIL, GAS AND  
LOGGING SERVICES

**safety-kleen**  
ENVIRONMENTAL  
SERVICES

**CleanHarbors**  
INDUSTRIAL AND  
FIELD SERVICES

**11th Annual Oppenheimer  
Industrial Growth Conference  
May 11, 2016**

**CleanHarbors**

# 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 loss plus accretion of environmental liabilities, depreciation and amortization, net interest expense, benefit 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 EBITDA, adjusted net loss and adjusted loss per share to net loss, please refer to the Company’s Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q filed with the Securities and Exchange Commission.

# **Clean Harbors Mission**

***“Create a Safer, Cleaner Environment Through the Treatment, Recycling and Disposal of Hazardous Materials”***

# Company Snapshot

**250,000+ Customers**

**Technical  
Services**

**Safety- Kleen**

**Branches,  
Re-refineries  
& KPP**

**Industrial &  
Field Services**

**Oil, Gas and  
Lodging  
Services**

**35,000+ Assets • 100+ Disposal Facilities • ~12,000 Employees**

**WIN Technology Platform**

# Our Business Model

**Gather Waste  
Perform Services**

**Transport  
Waste**

**Transfer, Treat  
& Recycle**

**Disposal**

Technical  
Services

Safety-Kleen

Industrial &  
Field Services

Lodging

Oil & Gas  
Field Services



# Technical Services



**Collect &  
Package**

**Transport  
Waste**

**Transfer, Treat  
& Recycle**

**Disposal**

**Customer  
Sites**

**Projects**

**Ongoing  
Maintenance**

**Other  
Segments**



# Technical Services

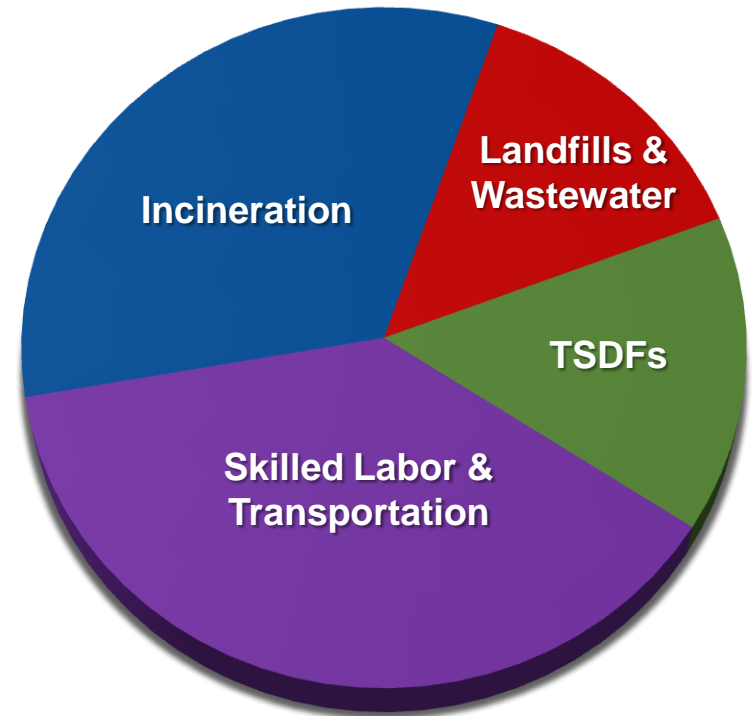


## Business Drivers

- GDP and industrial output
- Regulation and compliance (Federal/state/local)
- Captive incinerator market
- Tight industry supply
- Cross-selling between segments

## Key Metrics

- Incineration utilization
- Landfill volumes



**Annual Revenue  
~\$1 Billion**

# SK Environmental Services



**Gather Materials  
Perform Services**

**Transport  
Materials**

**Terminals, Solvent Plants  
& Recycling Centers**

**Treatment &  
Disposal**

**Waste Oil  
Collection**



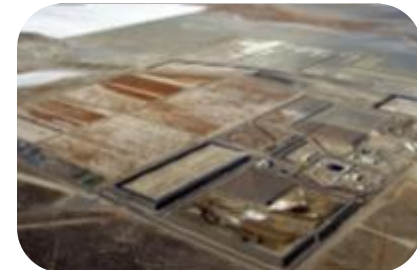
**Containerized  
Waste Services**



**Parts Washer  
Services**



**Vacuum  
Services**



**Retail Product  
Sales**



# SK Environmental Services



## Business Drivers

- Increased sales of containerized waste
- Additional branch locations
- Placement of more parts washers
- Cross-sell between segments

## Key Metrics

- Number of parts washers services
  - Targeting 1 million in 2016



**Annual Revenue  
~\$750 Million**

# Safety-Kleen Used Motor Oil and Re-Refining



**Collect  
Waste Oil**

**Transport Waste Oil**

**Oil Terminals**

**Re-refinery  
Network**

**Automotive  
Customers**

**Ind./Comm.  
Customers**

**Additional  
Sources**

**Clean Harbors**



# Safety-Kleen Used Motor Oil and Re-Refining



## Business Drivers

- Re-refining utilization
- New sources of waste oil collection
- Crude oil and base oil markets
- RFO market pricing
- DIY placements
- Oil filter bin placements

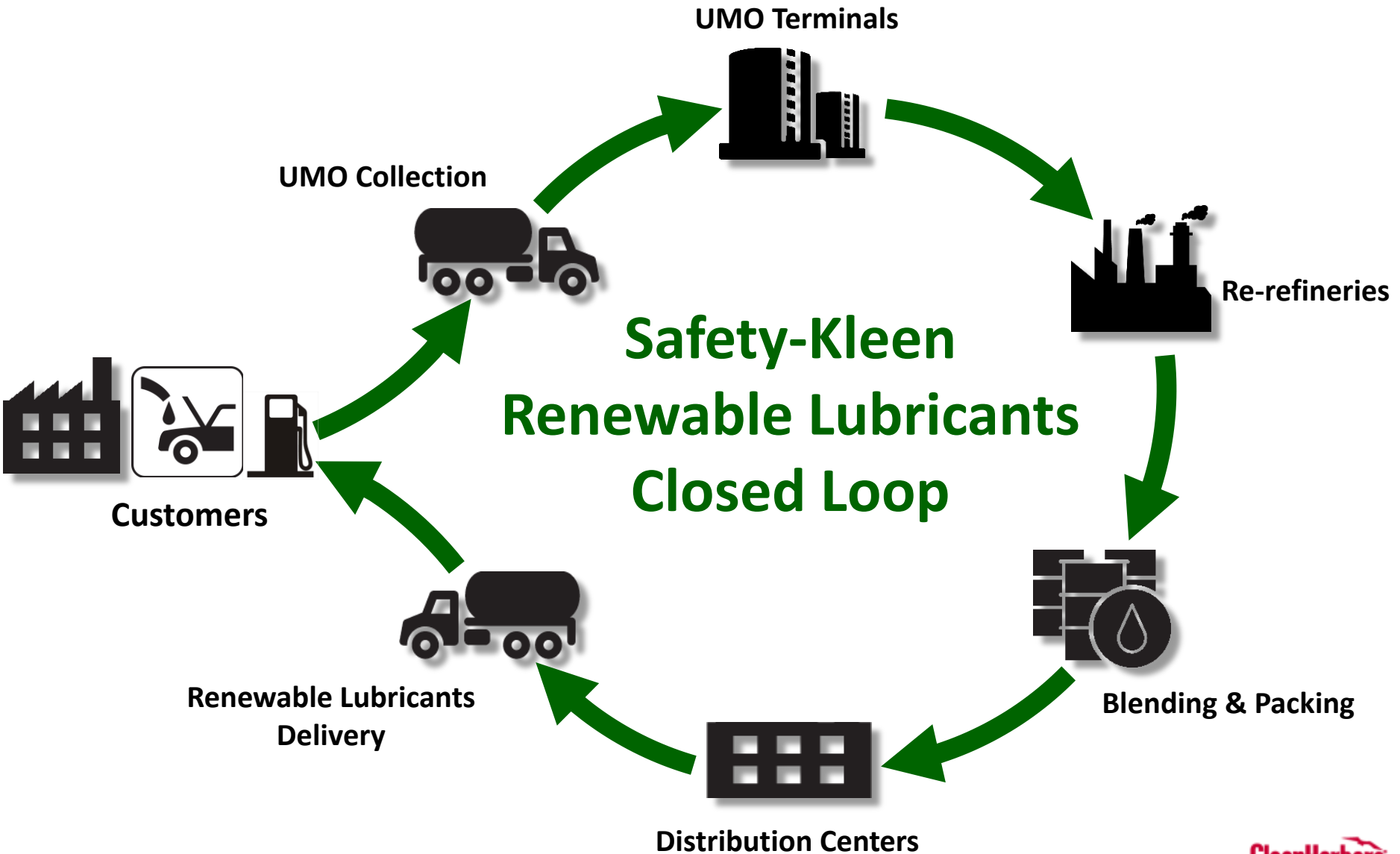


## Key Metrics

- Average UMO price
- Waste oil volume collected



# Vision for Safety-Kleen



# Kleen Performance Products

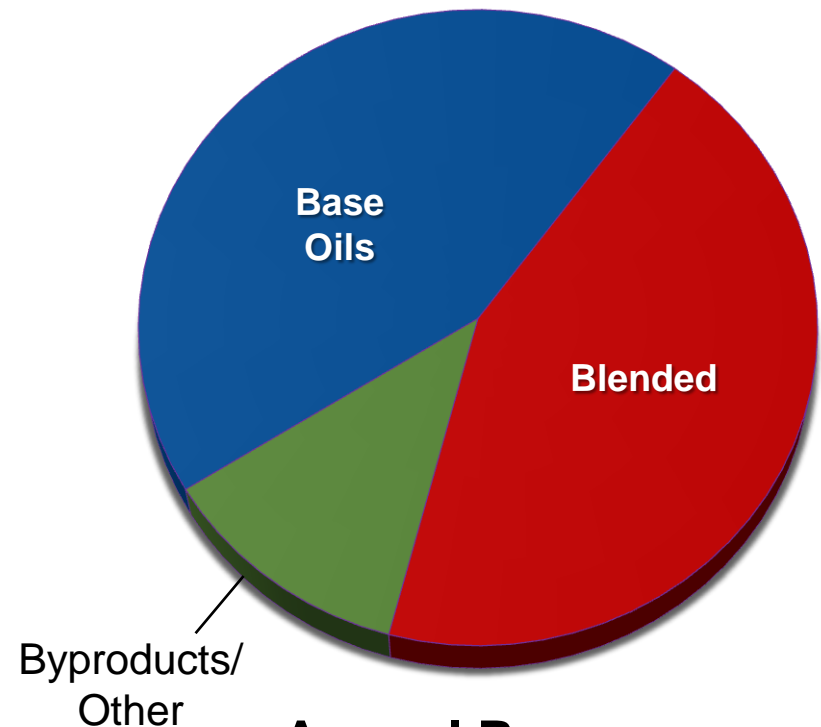


## Business Drivers

- Direct sale to SK UMO customers
- Base oil market demand
- Blending capabilities
- Demand for renewable products

## Key Metrics

- % of blended product sales



**Annual Revenue  
~\$350 Million**

# Industrial and Field Services



**Provide Services**

**Dispatch People & Equipment**

**Perform Maintenance, Cleaning & Recycling**

**Transport & Disposal**

**Field Services**



**Emergency Response Events**



**Industrial Services**



**Oil Sands**



# Industrial and Field Services

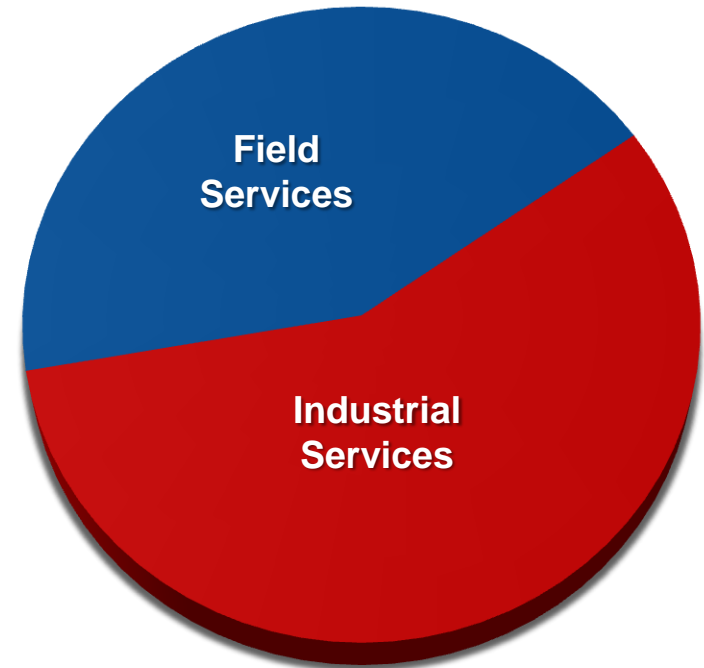


## Business Drivers

- Strong safety results
- Demand for Turnarounds
- Petrochem/refinery production increases
- National ER reputation
- Cross-sell opportunities between segments

## Key Metrics

- Personnel and equipment utilization
- Emergency response events



**Annual Revenue  
~\$600 Million**

# Industrial and Field Services



## Emergency Response

- Large-scale ER events have totaled nearly \$650 million in revenue since 2010
  - Gulf Oil Spill
  - Michigan River Spill
  - Yellowstone River Spill
  - Hurricane Sandy
  - Avian Flu
  - Additional pipeline breaks, train accidents and chemical releases
- ER events are more than “one-time” in nature
  - Follow-on work with customers
  - Geographic presence in affected region
  - Residual work and awareness with sub-contractor network



# Oil and Gas Field Services



**Perform Services**

**Treat & Recycle Waste**

**Transport Waste**

**Disposal**

**Seismic/  
Right-of-Way  
Services**



**Surface  
Rentals**



**Production  
Services**



**Transport  
Services**



# Oil and Gas Field Services

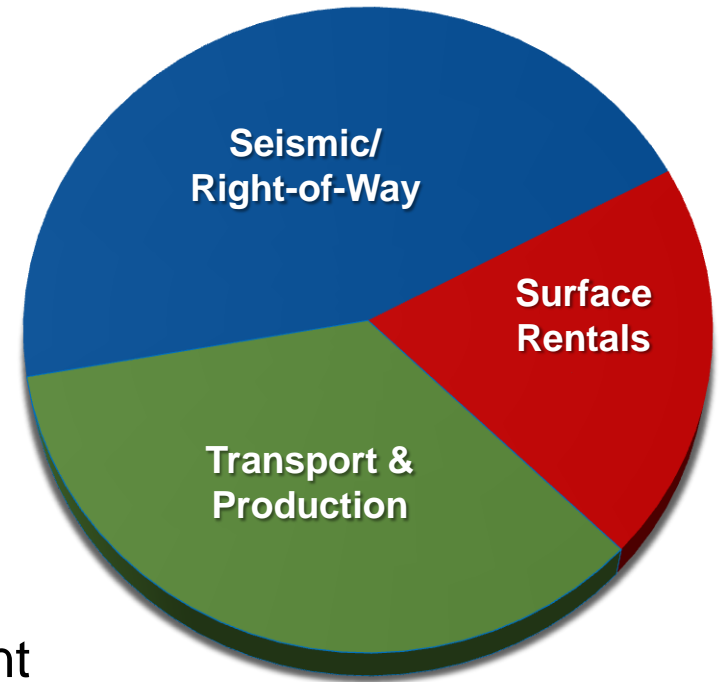


## Business Drivers

- Energy prices
- Well counts, footage drilled and rig count
- Oil/gas basins (unconventional plays)
- Service intensity
- Cross-sell opportunities between segments

## Key Metrics

- Utilization of personnel and key equipment
- Average number of rigs being serviced



**Annual Revenue  
~\$125 Million**

# Lodging Services

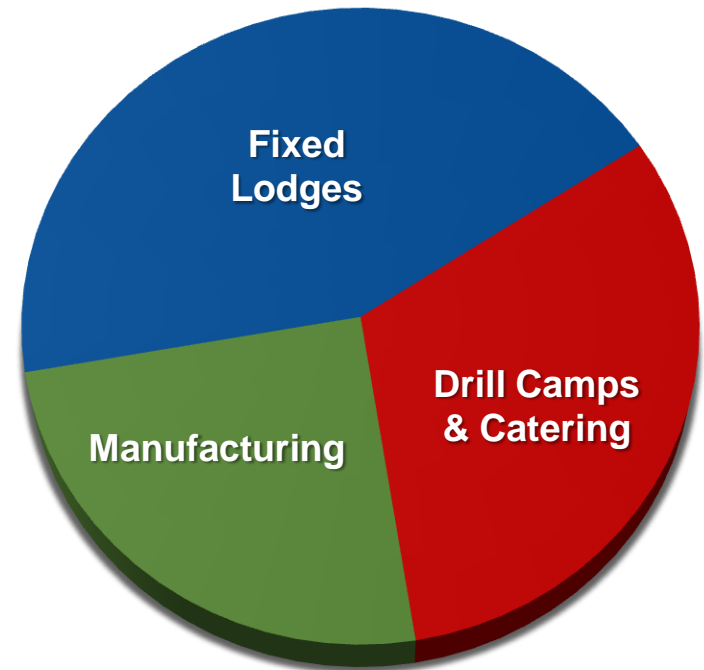


## Business Drivers

- Remote accommodations market in Western Canada
- Demand for third-party manufacturing
- Cross-sell with Industrial Services and Oil and Gas Field Services

## Key Metric

- Lodging room occupancy



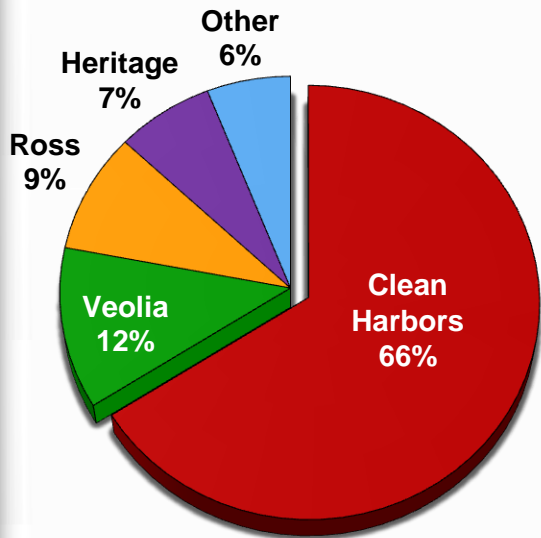
**Annual Revenue  
~\$100 Million**



# Key Investment Highlights

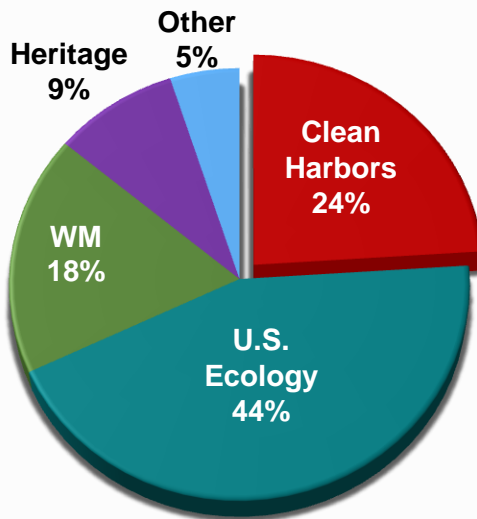
# Leading Provider of Hazardous Waste Treatment and Disposal Services

## Hazardous Incinerator Capacity



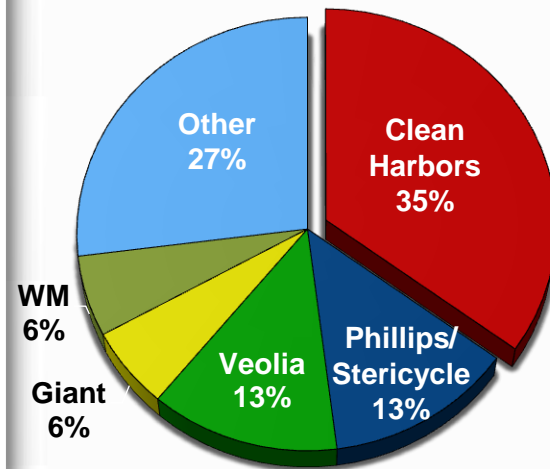
Source: El Digest

## Hazardous Landfill Volume Market Share



Source: El Digest

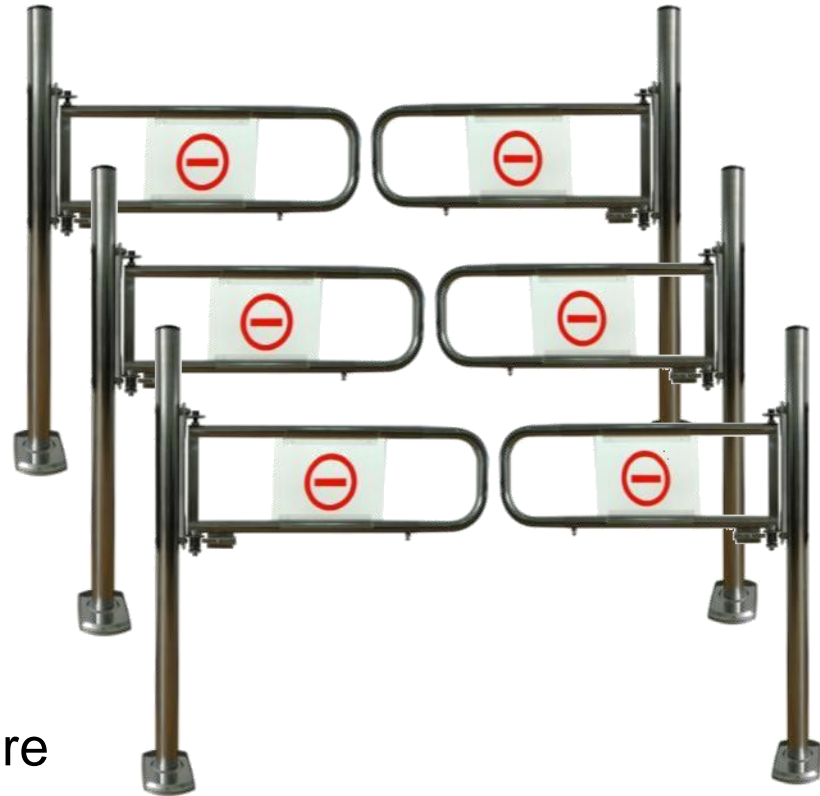
## Treatment, Storage & Disposal Facilities (TSDFs)



Source: El Digest

# High Barriers to Entry

- Required safety standards
- Complex regulatory ~ 500 permits
- Substantial capital costs
- Unique assets and equipment
- Need for deeply experienced personnel
- Significant customer switching costs
- \$125M investment in proprietary software



# End-Market Diversification



**Government**

**Chemical**

**Refineries  
& Oilsands**

**General  
Manufacturing**

**Base Oil,  
Blender &  
Packager**

**Automotive**

**Oil & Gas  
Production**

2008	7%	23%	8%	14%	0%	0%	0%
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2009 – Eveready Acquisition    2010 – Peak Energy Services Acquisition

2012	3%	14%	13%	8%	0%	0%	16%
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2012 – Safety-Kleen Acquisition

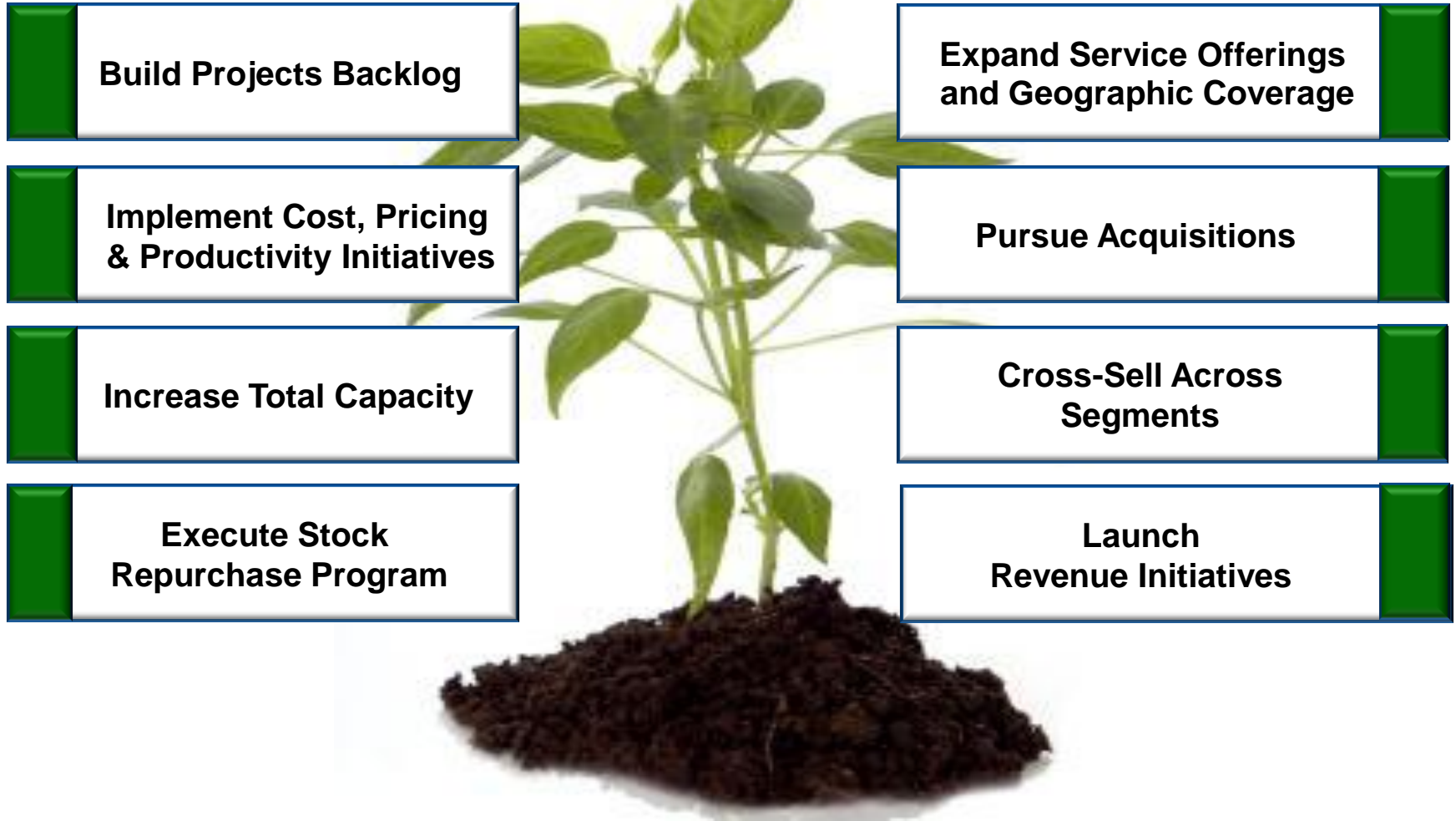
2015	13%	12%	11%	9%	6%	6%	4%
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# Growth Strategy



# Earnings Growth Strategies



# Corporate Update

- Executing previously announced \$100 million cost-reduction program
  - Minimum of \$50 million net effect will be recognized in 2016
  - Areas of focus include non-billable headcount, benefit costs, G&A spend, office and real estate consolidation, and efficiency gains
- Continuing preparations related to energy carve-out
  - Created separate legal entity and conducted internal reorganization
  - Completed financial statements for prior three years
  - Exploring multiple strategic alternatives
- Raised \$250 million in senior notes offering
  - Evaluating acquisition opportunities related to environmental business and closed loop direct sales model

# Corporate Update

- Providing extensive support in the Fort McMurray area
  - Emergency shelter/accommodations for 2,100 displaced residents and workers
  - Roadside assistance for people stranded on roads
  - Food, supplies and staff brought in via aircraft to support local relief efforts
  - Evacuation via chartered aircraft of families with small children and at-risk individuals
- Working closely with all customers, industry peers, first responders and regulatory authorities



# Capital Allocation Strategy

- Three key elements:



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



# Financial Overview

# Summary of Q1 Results

- Q1 revenue was \$636.1 million, down 13% from prior year due to energy market, base oil pricing and currency
- Q1 Adjusted EBITDA\* of \$67.3 million with a margin of 10.6%, which is consistent with the margin of a year ago
- Technical Services performance reflects slowdown in energy and industrial markets, partly offset by cost reduction
- Industrial and Field Services saw typical seasonal weakness magnified by lack of projects, reduced customer spend and a significant revenue decline in Western Canada
- Kleen Performance Products' profitability increased from a year ago, but two base oil price reductions early in year limited growth
- SK Environmental again delivered excellent results with growth in revenue, profitability and margins
- Lodging and Oil & Gas struggled due to prolonged energy downturn and limited opportunities in Western Canada

\* See disclosures regarding non-GAAP financial results in Clean Harbors' news release dated May 4, 2016 located at [www.cleanharbors.com](http://www.cleanharbors.com)

# Q1 2016 Financial Results

(\$ in millions, except per share figures)

	3 Months 3/31/15	3 Months 3/31/16
Revenues	\$732.5	\$636.1
Gross Profit	\$186.0	\$171.8
<i>% Margin</i>	25.4%	27.0%
Adjusted EBITDA <sup>(1)</sup>	\$78.3	\$67.3
<i>% Margin</i>	10.7%	10.6%
Net loss	(\$7.1)	(\$20.9)
<i>GAAP Loss per share</i>	(\$0.12)	(\$0.36)
<i>Adjusted Loss per share</i>		(\$0.22)

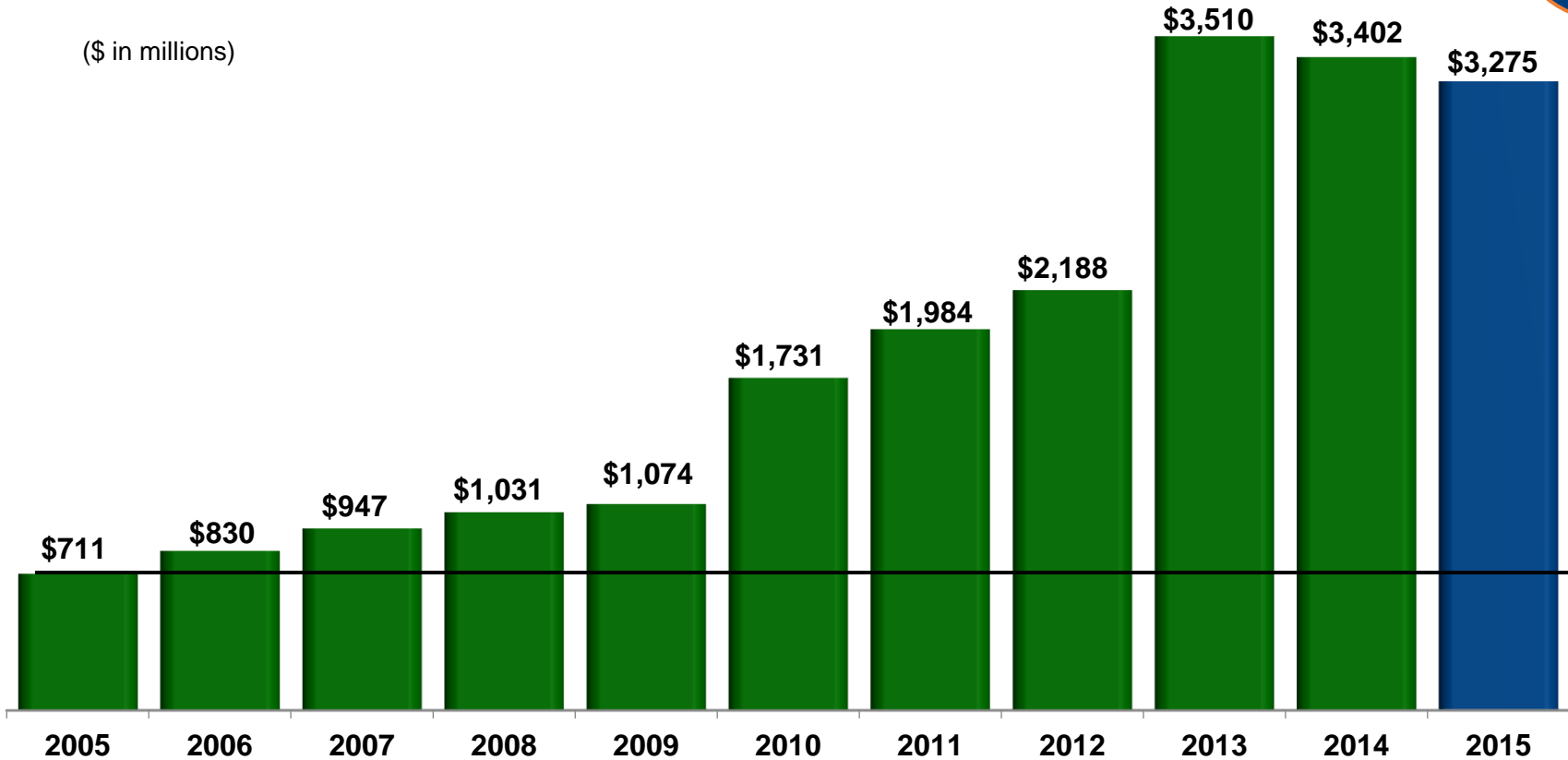
(1) See disclosures regarding non-GAAP financial results in Clean Harbors' news release dated May 4, 2016 located at [www.cleanharbors.com](http://www.cleanharbors.com)

# Historical Revenue Summary

Acquisitions, new branch/service locations and increasing demand for environmental and industrial services have driven top-line growth

CAGR  
17%

(\$ in millions)

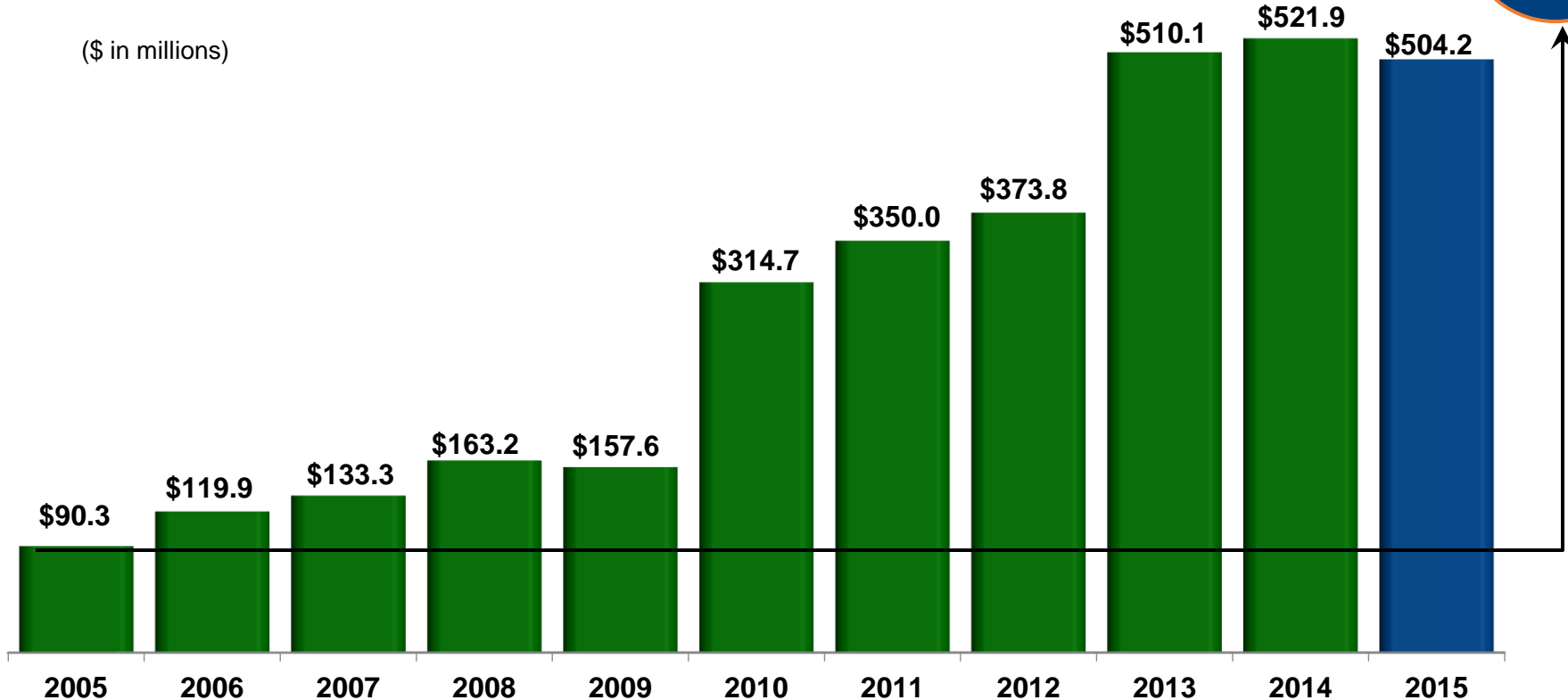




# Historical Adjusted EBITDA\* Summary

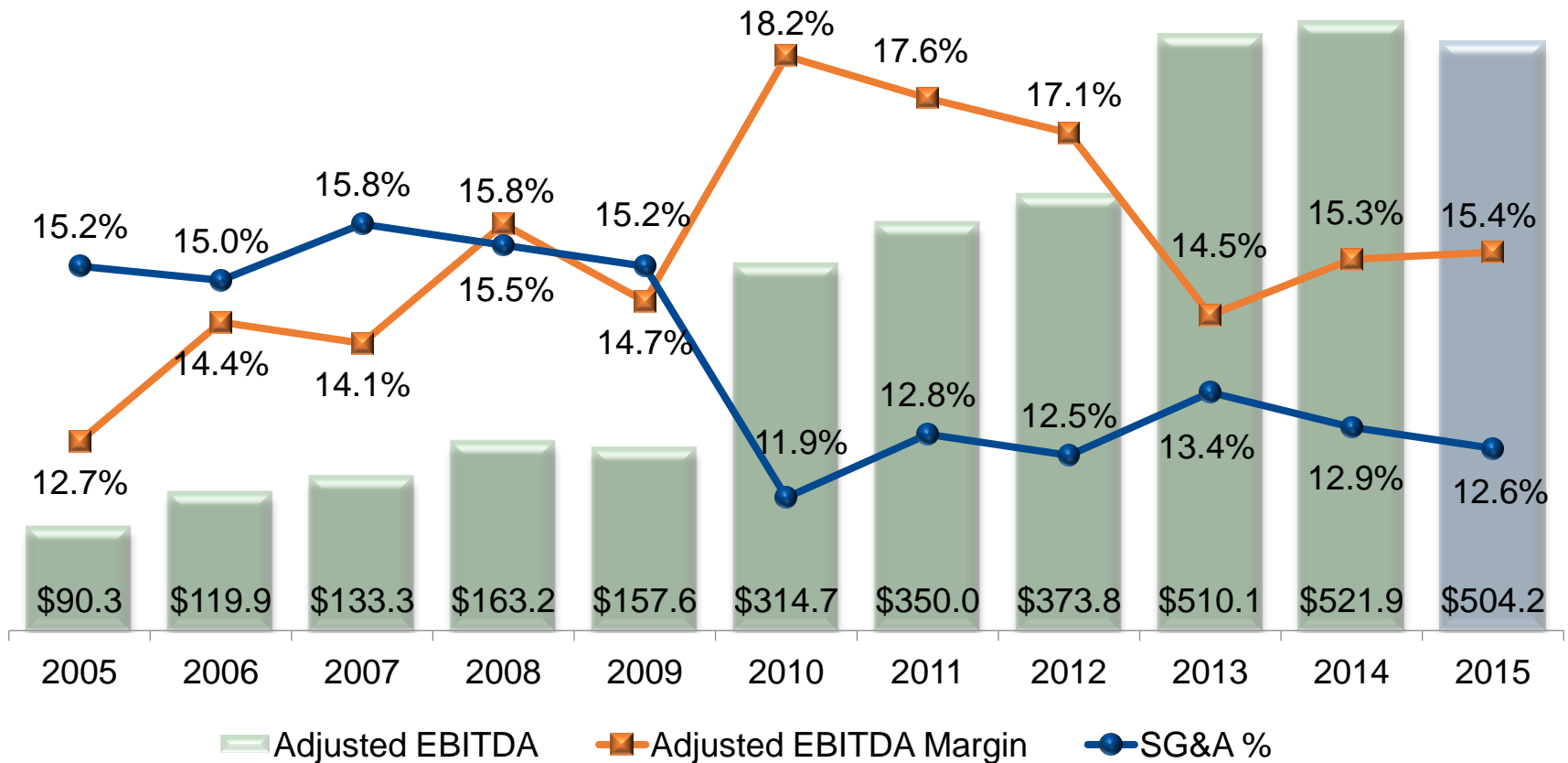
Internal cost-savings initiatives, coupled with leveraging our fixed costs, have driven margin expansion

CAGR  
19%



\* For a reconciliation of Adjusted EBITDA to net income (loss), please refer to the Company's Annual Report on Form 10-K filed each year with the Securities and Exchange Commission. In addition, the Adjusted EBITDA of certain time periods were unfavorably affected by severance and acquisition-related costs including \$8.1 million in 2009, \$7.5 million in 2012, \$17.5 million in 2013, \$11.1 million in 2014 and \$11.0 million in 2015.

# Historical Margin Performance



\* For a reconciliation of Adjusted EBITDA to net income (loss), please refer to the Company's Annual Report on Form 10-K filed each year with the Securities and Exchange Commission. In addition, the Adjusted EBITDA of certain time periods were unfavorably affected by acquisition-related costs including \$8.1 million in 2009, \$7.5 million in 2012, \$17.5 million in 2013, \$11.1 million in 2014 and \$11.0 million in 2015.

# Balance Sheet Highlights

	<u>12/31/15</u>	<u>3/31/16</u>
Cash and securities	\$184.7M	\$355.3M
Billed & unbilled receivables	\$521.9M	\$490.1M
DSO	72 days	72 days
Deferred revenue	\$61.9M	\$63.6M
Long-term debt	\$1,382M	\$1,632M
Accounts payable	\$241.2M	\$188.8M
Environmental liabilities	\$188.2M	\$189.5M

# Capital Expenditures

- Expect 2016 Capex, net of disposals = \$200 million
- **Maintenance/Growth Capex: ~ \$150 million**
  - Refurbishment
  - Replacement
  - Landfills
  - Fleet
  - Containers
  - Safety & Compliance
  - Maintenance
  - Technology
- **El Dorado incinerator: ~\$50 million**



# Historical Free Cash Flow

<i>(USD \$ in millions)</i>	2011	2012	2013	2014	2015
Cash Flow from Operations	\$179.5	\$324.4	\$415.8	\$297.4	\$396.4
Capital Expenditures, net of disposals	(141.7)	(189.3)	(275.5)	(249.4)	(251.0)
Free Cash Flow	\$37.8	\$135.1	\$140.3	\$48.0	\$145.4

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**Questions?**

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