



Third Quarter 2019 Investor Review

October 30, 2019

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 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, 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, 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 measurement of Adjusted EBITDA, while defined consistently and in accordance with our existing credit agreement, and our measurements of adjusted free cash flow, adjusted net income (loss) and adjusted earnings (loss) per share 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, 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 (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.

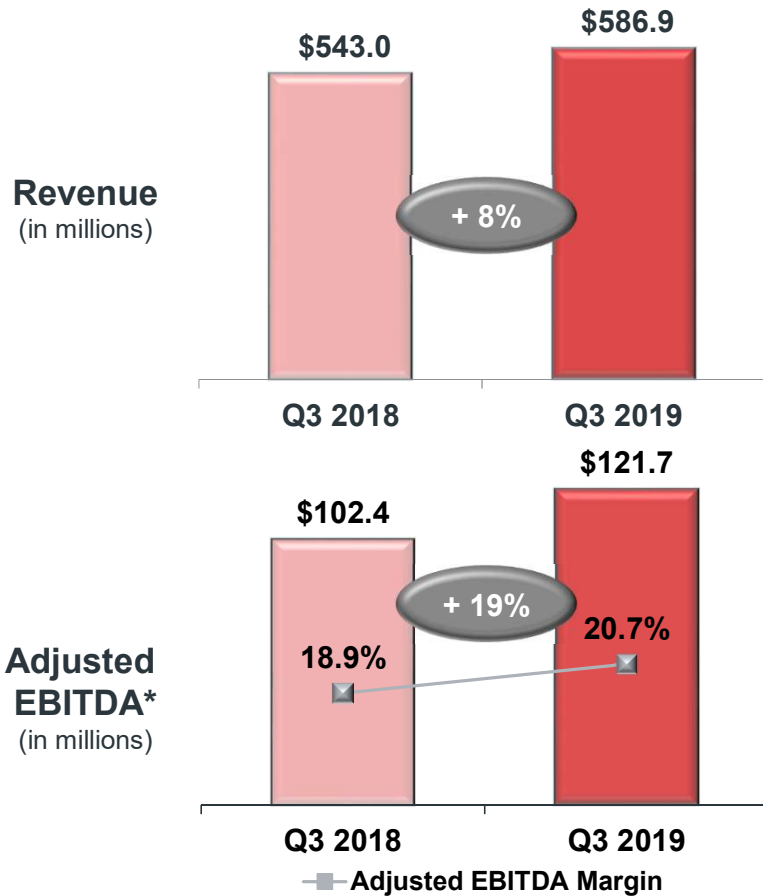
Summary of Q3 Results

- Revenue increases 6% to \$891.7M, driven largely by Environmental Services segment
- GAAP EPS of \$0.65; Adjusted EPS of \$0.72
- Adjusted EBITDA* growth of 11% to \$156.6M in mix of waste streams, pricing and increased efficiencies/utilization
- Adjusted EBITDA margin climbs 80 bps to 17.6%
- Environmental Services driven by exceptional performance in incineration and solid contributions across regions; Safety-Kleen's top- and bottom-line growth led by branch business; Corporate segment up from ongoing investments in our workforce



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

Environmental Services



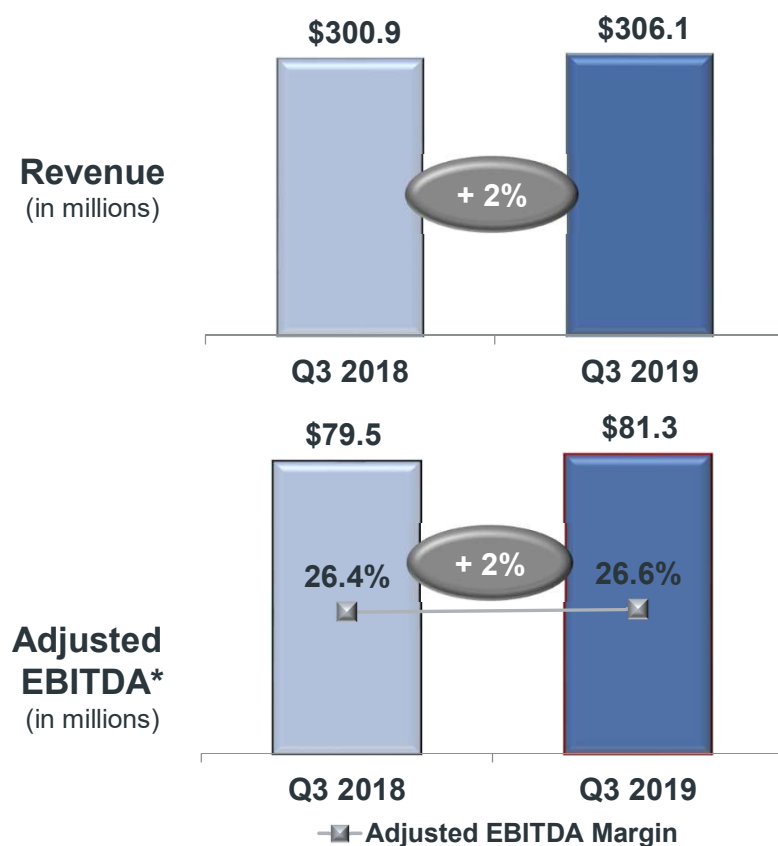
Q3 Performance

- Revenue increase due to growth in disposal network, mix of waste and strong performance across multiple service businesses and regions
- Adjusted EBITDA and margin up significantly on higher revenue and business mix, as well as improved efficiencies
- Incinerator utilization was 92% vs. 84% in Q3'18 due to strong volumes and limited shutdown days; average price per pound up ~12% due to improved mix including some project volumes
- Landfill tonnage up 6% YoY due to base business and projects
- Major ER events contributed \$8M in the quarter, including two on-water fuel spills and clean up of a wildlife reserve



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

Safety-Kleen



Q3 Performance

- Revenue increase primarily driven by growth in SK branches
- Adjusted EBITDA and margin increased due to pricing within core lines of branch business and cost reduction/increased efficiencies offsetting lower spread in Safety-Kleen Oil
- Performed 245K parts washer services, up from 241K in prior year; other core branch offerings also increased
- Gathered 63 million gallons of waste oil, up from 61 million a year ago; maintained a charge-for-oil average
- Blended products accounted for 27% of volume, compared with 25% in Q3'18; direct volume was 8% in the quarter vs. 6% a year ago



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

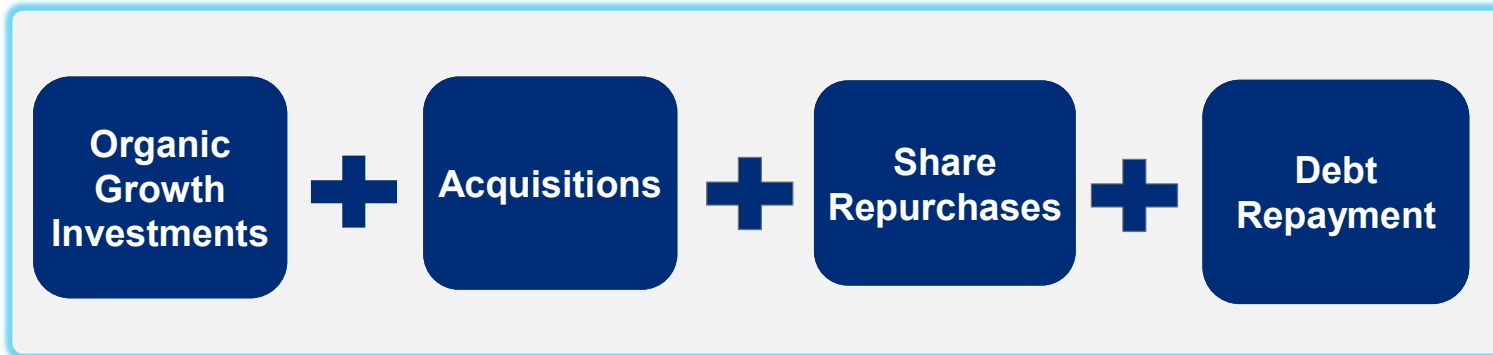
Strategic Update

- Drive 2019 key growth initiatives:
 - Disposal network – extend price/mix improvements and pursue project volumes
 - Improve performance of blended sales and closed loop offering – falling short of annual targets
- Evaluate IMO 2020 impact on UMO/base oil spread and maximize collection volumes at favorable rates
- Pursue emerging growth opportunities such as PFAS
- Capitalize on growing market acceptance of our sustainable offerings
- Execute capital allocation strategy



Capital Allocation Strategy

- Four key elements:



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





Financial Overview

Q3 Income Statement

(in millions, except per share data)

Revenue	
Cost of revenues	
Gross profit	
<i>Gross margin %</i>	
Selling, general and administrative expenses	
<i>SG&A %</i>	
Depreciation and amortization	
Income from operations	
Adjusted EBITDA*	
<i>Adjusted EBITDA* margin %</i>	
Net income	
Diluted earnings per share	
Adjusted earnings per share*	

Q3 2019

\$891.7

\$612.8

\$278.9

31.3%

\$122.3

13.7%

\$73.8

\$80.4

\$156.6

17.6%

\$36.4

\$0.65

\$0.72

Q3 2018

\$843.2

\$580.7

\$262.5

31.1%

\$121.2

14.4%

\$73.1

\$65.7

\$141.3

16.8%

\$31.1

\$0.55

\$0.59



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

Balance Sheet Highlights



(in millions)

	<u>9/30/19</u>	<u>6/30/19</u>	<u>12/31/18</u>
Cash and short-term marketable securities	\$329.1	\$259.7	\$279.4
Accounts payable	\$277.5	\$253.2	\$276.5
Billed and unbilled receivables	\$700.5	\$685.1	\$661.7
Days sales outstanding (DSO)	74 days	74 days	76 days
Current and Long-term debt	\$1,563	\$1,571	\$1,573
Environmental liabilities	\$191.4	\$194.1	\$190.9

Cash Flow Highlights



(in millions)

	<u>Q3 2019</u>	<u>Q3 2018</u>
Cash from operations	\$146.2	\$117.5
Capital expenditures, net of disposals	(\$54.6)	(\$53.1)
Adjusted free cash flow*	\$91.6	\$64.4
Share repurchases	\$5.1	\$7.1

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

Guidance (as of October 30, 2019)



Full-Year 2019

(in millions)

	Range
Net Income	\$85 to \$105
Adjusted EBITDA*	\$530 to \$550
Net Cash from Operating Activities	\$390 to \$430
Adjusted Free Cash Flow *	\$200 to \$220

* 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)	For the Three Months Ended:		For the Nine Months Ended:	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Net income	\$36,369	\$31,089	\$73,589	\$49,205
Accretion of environmental liabilities	2,490	2,450	7,624	7,328
Depreciation and amortization	73,756	73,082	223,328	220,686
Other expense (income), net	427	996	(1,992)	449
Loss on early extinguishment of debt	6,119	2,469	6,119	2,469
Interest expense, net	19,702	19,916	59,681	60,955
Provision for income taxes	17,750	11,275	39,752	28,011
Adjusted EBITDA	\$156,613	\$141,277	\$408,101	\$369,103
Adjusted EBITDA Margin	17.6%	16.8%	16.1%	15.1%

Non-GAAP Results Reconciliation

(in thousands, except per share amounts)

	For the Three Months Ended:		For the Nine Months Ended:	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Adjusted net income				
Net income	\$36,369	\$31,089	\$73,589	\$49,205
Loss on early extinguishment of debt, net of tax	4,284	1,735	4,284	1,735
Tax-related valuation allowances and other	-	492	4,762	6,593
Adjusted net income	<u>\$40,653</u>	<u>\$33,316</u>	<u>\$82,635</u>	<u>\$57,533</u>
Adjusted earnings per share				
Earnings per share	\$0.65	\$0.55	\$1.31	\$0.87
Loss on early extinguishment of debt, net of tax	0.07	0.03	0.08	0.03
Tax-related valuation allowances and other	-	0.01	0.08	0.12
Adjusted earnings per share	<u>\$0.72</u>	<u>\$0.59</u>	<u>\$1.47</u>	<u>\$1.02</u>

Non-GAAP Results Reconciliation

(in thousands)

	For the Three Months Ended:		For the Nine Months Ended:	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Adjusted free cash flow				
Net cash from operating activities	\$146,205	\$117,545	\$284,675	\$247,215
Additions to property, plant and equipment	(56,161)	(56,583)	(174,533)	(150,722)
Proceeds from sale and disposal of fixed assets	1,559	3,470	8,948	6,111
Adjusted free cash flow	<u>\$91,603</u>	<u>\$64,432</u>	<u>\$119,090</u>	<u>\$102,604</u>

Non-GAAP Guidance Reconciliation

(in millions)

	For the Year Ending December 31, 2019		
Projected GAAP net income	\$85	to	\$105
Adjustments:			
Accretion of environmental liabilities	10	to	10
Depreciation and amortization	300	to	295
Loss on early extinguishment of debt	6	to	6
Interest expense, net	80	to	79
Provision for income taxes	49	to	55
Projected Adjusted EBITDA	<u>\$530</u>	to	<u>\$550</u>

(in millions)

	For the Year Ending December 31, 2019		
Projected net cash from operating activities	\$390	to	\$430
Additions to property, plant and equipment	(200)	to	(220)
Proceeds from sale and disposal of fixed assets	10	to	10
Projected adjusted free cash flow	<u>\$200</u>	to	<u>\$220</u>



Questions?