

# Third Quarter 2021 Investor Review November 3, 2021





# 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, the impact of the HydroChemPSC acquisition and 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 on February 24, 2021. 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.

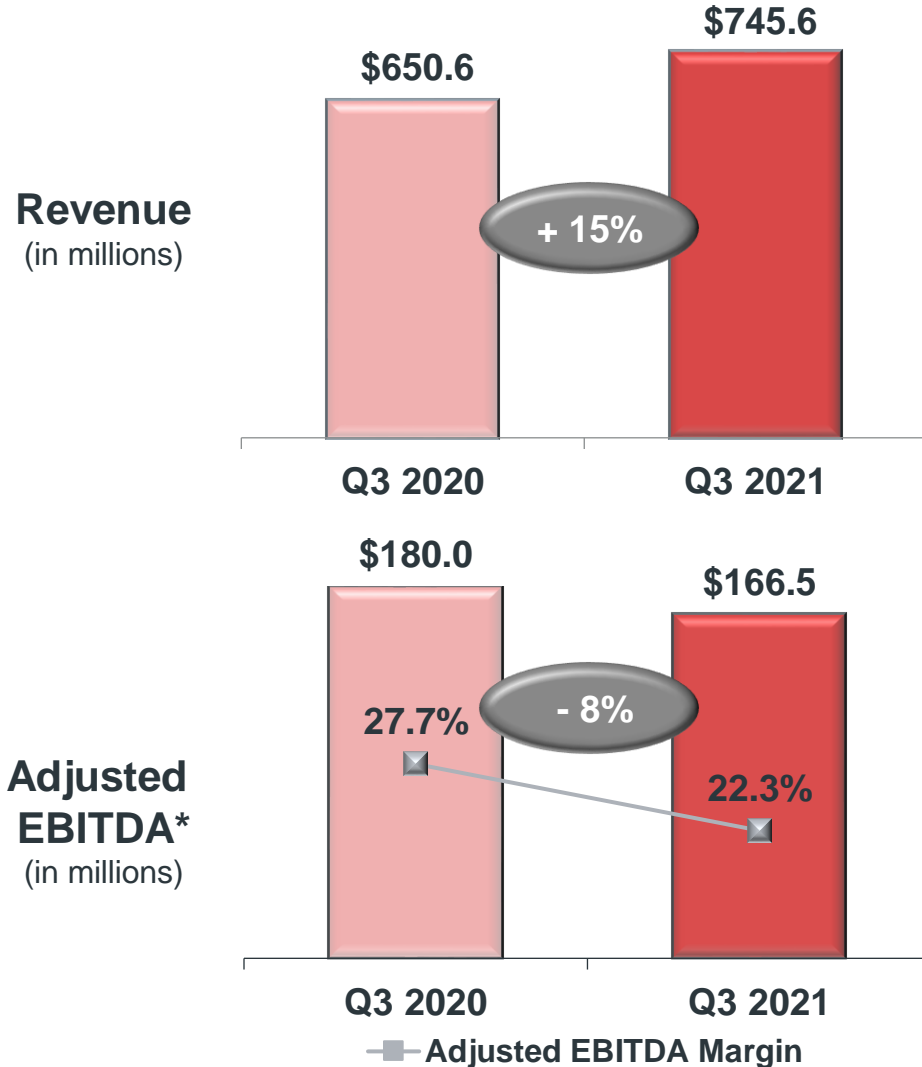
For a reconciliation of Adjusted EBITDA and adjusted net income to net income, a reconciliation of adjusted earnings per share to net income per share and a reconciliation of net cash from operating activities to adjusted free cash flow, please refer to the appendix of this presentation.

## Summary of Q3 Results

- Revenue of \$951.5M, a 22% increase YoY
- Net income of \$65.4 million or EPS of \$1.20 and Adjusted EPS of \$1.14
- Adjusted EBITDA\* increased 10% to \$185.1M; Adjusted EBITDA margin was 19.5%
- Adjusted free cash flow was \$61.1 million, on track to hit annual target
- Environmental Services segment benefited from steady flow of high-value waste streams, pricing initiatives and demonstrated recovery in service businesses, supported by cost mitigation programs and productivity gains
- Safety-Kleen Sustainability Solutions segment significantly increased revenue and profitability due to market driven re-refining spread and higher YoY volumes
- Corporate segment increased YoY due to higher incentive comp and professional fees, as well as cybersecurity and system investments

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

# Environmental Services



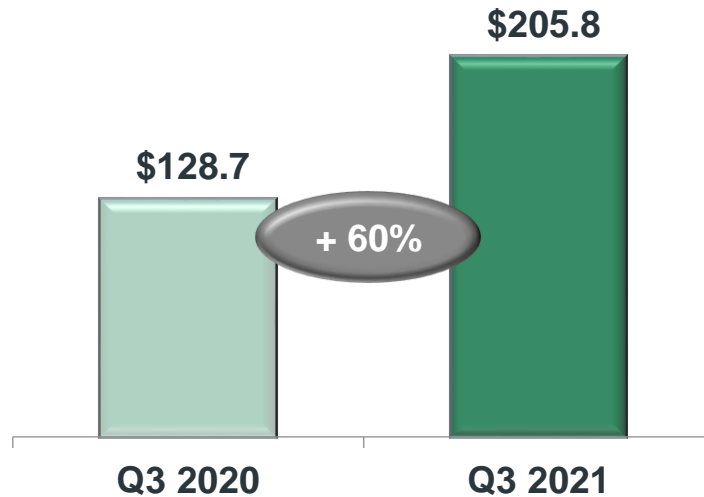
## Q3 Performance

- Revenue up YoY due to growth in higher value waste streams and strong demand for Industrial Services and Field Services
- Adjusted EBITDA declined, as expected, based on much higher levels of government assistance and COVID decontamination work a year ago, as well as inflationary pressures, partly offset by revenue growth, pricing, and cost savings
- Incinerator utilization was 82% vs. 80% a year ago. Average price up 18% from Q3'20, driven by pricing initiatives and higher value waste streams
- Landfill tonnage down 5% YoY as project volumes stall due to lingering pandemic concerns, while average price per ton up 17%
- \$8M from decontamination response work vs. \$29M a year ago; higher than expected as pandemic remains a factor
- Performed 232K parts washer services; most SK core offerings trending positively

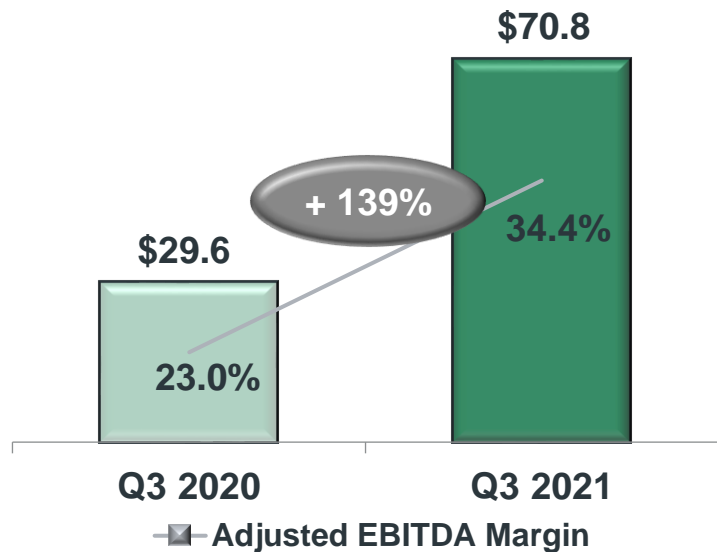
\* For a reconciliation of Adjusted EBITDA to net income, please refer to the appendix in this presentation.

# Safety-Kleen Sustainability Solutions

**Revenue**  
(in millions)



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



## Q3 Performance

- Revenue increased YoY due to higher volumes, price increases and limited shutdowns vs prior year when the pandemic slowed production. Product demand was robust throughout the quarter due to industry supply conditions and growing interest in our sustainable offerings
- Adjusted EBITDA and margin improvement reflect wider than normal re-refining spread due to supply-driven increases in base oil pricing, as well as productivity gains and cost initiatives
- Gathered 60 million gallons of waste oil, compared with 50 million a year ago; average collection costs are higher than a year ago as we shifted from a charge-for-oil to a pay-for oil environment
- In line with expectations, blended products accounted for 21% of volume compared with 25% a year ago and 21% in Q2; direct volume was 8% in the quarter, compared with 9% a year ago and 6% in Q2

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

# HydroChemPSC – Overview

- \$1.25 billion all-cash transaction completed in early October
- Raised \$1 billion term loan at favorable rate (L + 200)
- Expect to achieve \$40M+ of synergies after first full year of operation
- Confident this transaction will drive considerable shareholder value
- Affords us network, resource and market density
- Cross-selling opportunities will be abundant on both sides
- Early integration going well; strong cultural fit

# Capital Allocation Strategy – Driven by ROIC



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



# FINANCIAL OVERVIEW





# Q3 Income Statement

(in millions, except percentages and per share data)

	<u>Q3 2021</u>	<u>Q3 2020</u>
Revenues	\$951.5	\$779.3
Cost of revenues	\$639.2	\$511.6
Gross profit	\$312.2	\$267.7
<i>Gross margin %</i>	<i>32.8%</i>	<i>34.4%</i>
Selling, general and administrative expenses	\$133.2	\$106.5
<i>SG&amp;A %</i>	<i>14.0%</i>	<i>13.7%</i>
Depreciation and amortization	\$71.5	\$74.5
Income from operations	\$104.8	\$83.9
Adjusted EBITDA*	\$185.1	\$167.8
<i>Adjusted EBITDA* margin %</i>	<i>19.5%</i>	<i>21.5%</i>
Net income	\$65.4	\$54.9
Diluted earnings per share	\$1.20	\$0.99
Adjusted earnings per share*	\$1.14	\$0.90

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

# Balance Sheet Highlights

(in millions)

	<u>9/30/21</u>	<u>6/30/21</u>	<u>12/31/20</u>
Cash and short-term marketable securities	\$711.5	\$666.3	\$571.0
Accounts payable	\$286.6	\$249.2	\$195.9
Billed and unbilled receivables	\$773.1	\$718.8	\$667.2
Current and long-term debt	\$1,554	\$1,555	\$1,557
Environmental liabilities	\$203.8	\$205.9	\$202.7

# Cash Flow Highlights

(in millions)

	<u>Q3 2021</u>	<u>Q3 2020</u>
Cash from operations	\$102.8	\$143.9
Capital expenditures, net of disposals	(\$41.7)	(\$20.4)
Adjusted free cash flow*	\$61.1	\$123.5
Share repurchases	\$3.0	\$22.2

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



# Guidance (as of November 3, 2021)

## Full-Year 2021

*(in millions)*

	Range
<b>Net Income</b>	<b>\$171 to \$196</b>
<b>Adjusted EBITDA*</b>	<b>\$655 to \$675</b>
<b>Net Cash from Operating Activities</b>	<b>\$500 to \$540</b>
<b>Adjusted Free Cash Flow*</b>	<b>\$310 to \$330</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

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
(in thousands, except percentages)				
Net income	\$ 65,443	\$ 54,910	\$ 154,254	\$ 95,505
Accretion of environmental liabilities	2,799	2,822	8,625	8,149
Stock-based compensation	6,001	6,662	12,786	12,739
Depreciation and amortization	71,451	74,470	215,206	221,497
Other (income) expense, net	(199)	(2,268)	2,509	597
Loss on sale of businesses	—	118	—	3,376
Interest expense, net of interest income	17,984	17,407	53,953	54,848
Provision for income taxes	21,605	13,712	54,973	35,269
Adjusted EBITDA	\$ 185,084	\$ 167,833	\$ 502,306	\$ 431,980
Adjusted EBITDA Margin	19.5%	21.5%	18.7%	18.4 %



# Non-GAAP Results Reconciliation

(in thousands, except per share amounts)

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
<b>Adjusted net income</b>				
Net income	\$ 65,443	\$ 54,910	\$ 154,254	\$ 95,505
Loss on sale of businesses	—	118	—	3,376
Tax-related valuation allowances and other*	(3,228)	(5,128)	(3,221)	(4,502)
Adjusted net income	<u>\$ 62,215</u>	<u>\$ 49,900</u>	<u>\$ 151,033</u>	<u>\$ 94,379</u>
<b>Adjusted earnings per share</b>				
Earnings per share	\$ 1.20	\$ 0.99	\$ 2.81	\$ 1.71
Loss on sale of businesses	—	—	—	0.06
Tax-related valuation allowances and other*	(0.06)	(0.09)	(0.06)	(0.08)
Adjusted earnings per share	<u>\$ 1.14</u>	<u>\$ 0.90</u>	<u>\$ 2.75</u>	<u>\$ 1.69</u>

\* For the three and nine months ended September 30, 2020, other amounts include a \$1.6 million benefit, or \$0.03 per share, related to tax benefits from impacts of amendments to prior period tax filings.

# Non-GAAP Results Reconciliation

(in thousands)

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
<b>Adjusted free cash flow</b>				
Net cash from operating activities	\$ 102,794	\$ 143,946	\$ 368,226	\$ 317,432
Additions to property, plant and equipment	(54,666)	(24,636)	(146,654)	(150,357)
Purchase and capital improvements of corporate HQ	—	—	—	21,080
Proceeds from sale and disposal of fixed assets	12,945	4,206	16,424	7,307
Adjusted free cash flow	<u>\$ 61,073</u>	<u>\$ 123,516</u>	<u>\$ 237,996</u>	<u>\$ 195,462</u>

# Non-GAAP Guidance Reconciliation

(in millions)

	<b>For the Year Ending December 31, 2021</b>		
Projected GAAP net income	\$171	to	\$196
Adjustments:			
Accretion of environmental liabilities	12	to	11
Stock-based compensation	18	to	19
Depreciation and amortization	305	to	295
Other expense, net	3	to	3
Interest expense, net	78	to	77
Provision for income taxes	68	to	74
Projected Adjusted EBITDA	<u>\$655</u>	to	<u>\$675</u>

(in millions)

	<b>For the Year Ending December 31, 2021</b>		
Projected net cash from operating activities	\$500	to	\$540
Additions to property, plant and equipment	(206)	to	(226)
Proceeds from sale and disposal of fixed assets	16	to	16
Projected adjusted free cash flow	<u>\$310</u>	to	<u>\$330</u>



# QUESTIONS?

