



Second Quarter 2019 Investor Review

July 31, 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.

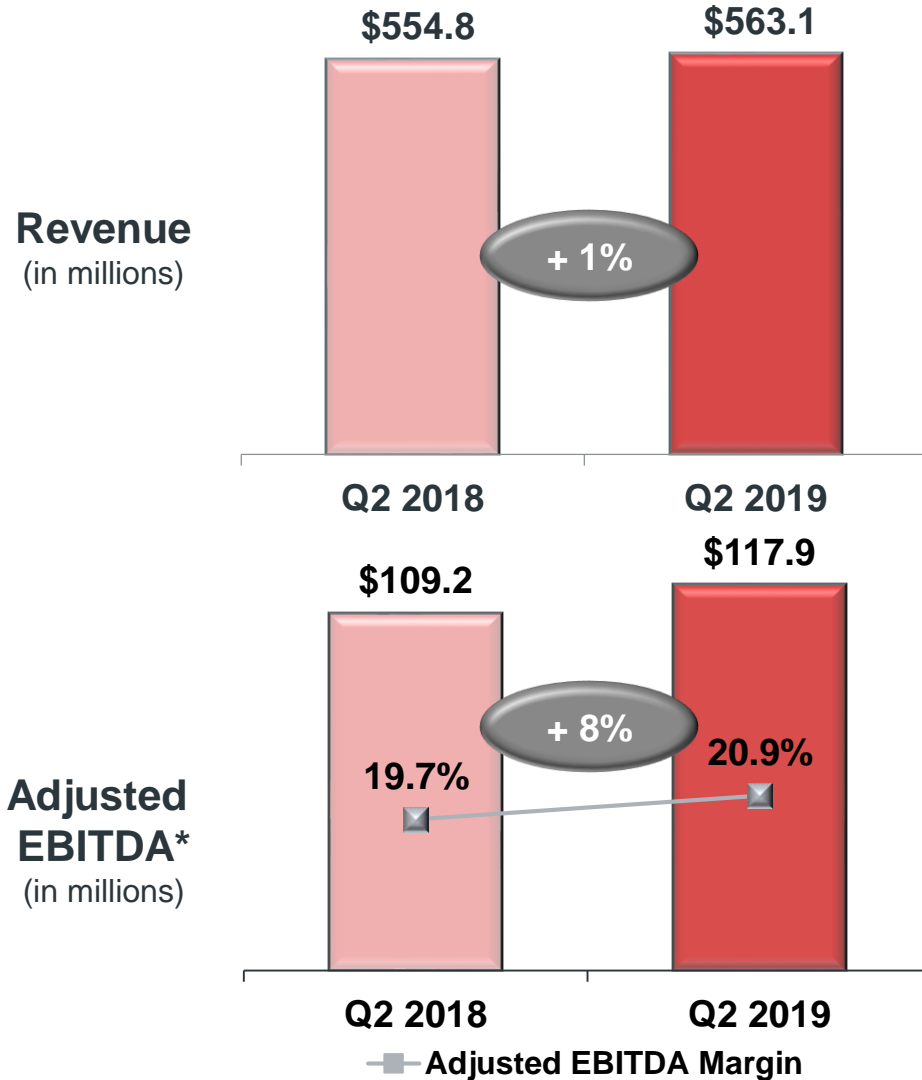
Summary of Q2 Results

- Revenue increases 2% to \$868.7M, driven by modest organic growth in Environmental Services and Safety-Kleen
- GAAP EPS of \$0.65; Adjusted EPS of \$0.66
- Adjusted EBITDA* growth of 7% to \$149.8 million on the strength of business mix, cost savings initiatives and pricing
- Adjusted EBITDA margins climb 80 bps to 17.2%; highest level in nearly three years
- Environmental Services and Safety-Kleen grew Adjusted EBITDA by high single digit percentages, which more than offset the increase in Corporate segment resulting from investments in our workforce



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

Environmental Services



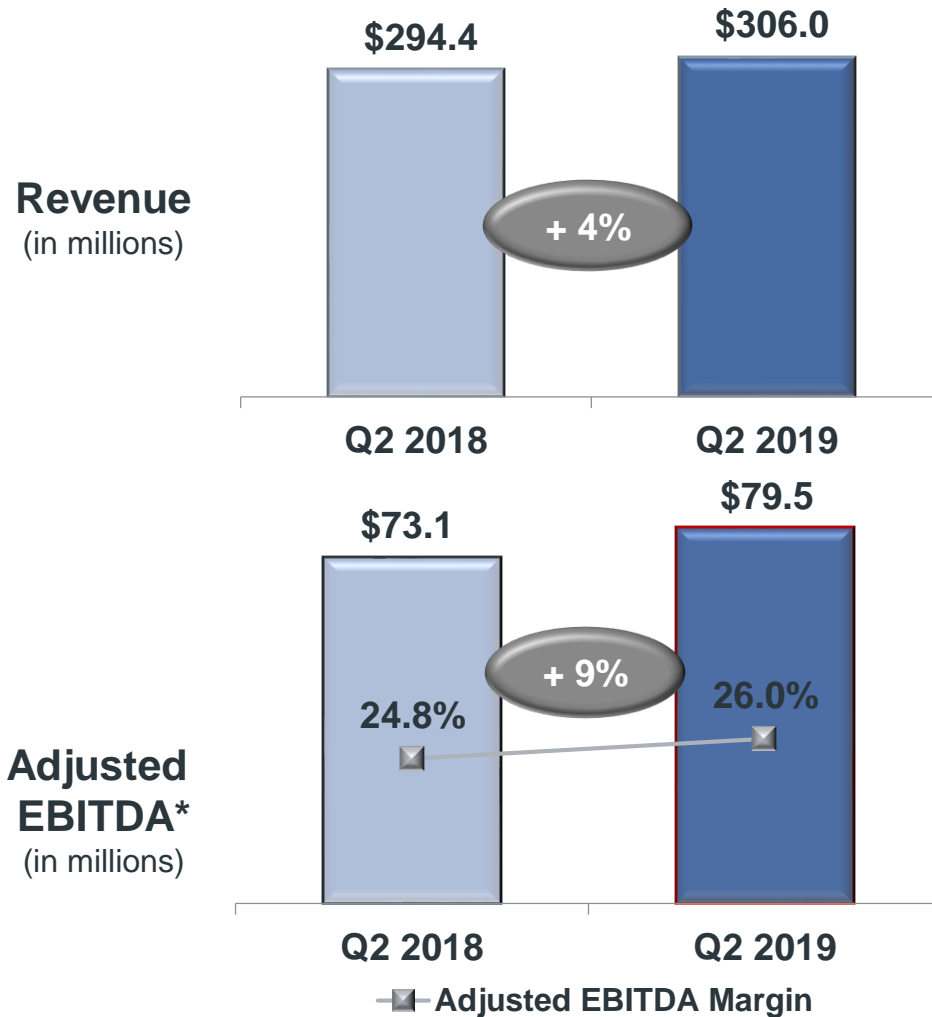
Q2 Performance

- Revenue increase due to facilities network and mix of waste
- Adjusted EBITDA and margins up significantly on business mix and higher revenue, as well as improved efficiencies
- Incinerator utilization was 82% vs. 90% in Q2'18 due to timing of shutdowns and focus on higher value streams; average price per pound up 15% due to improved mix
- Landfill tonnage down 10% YoY due to project timing; average pricing was flat YoY
- \$5 million of revenue in major ER events in the quarter, primarily flood-related clean-up in the Midwest



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

Safety-Kleen



Q2 Performance

- Revenue increase primarily driven by growth in SK branches and increased production in Safety-Kleen Oil
- Adjusted EBITDA and margin increased due to higher revenue, pricing within core lines of branch business and cost reduction/increased efficiencies
- Performed 242K parts washer services, down from prior year; other core branch offerings increased
- Gathered 63 million gallons of waste oil, up from 62 million a year ago; at a higher charge-for-oil average than a year ago
- Blended products accounted for 28% of volume, compared with 27% in Q2'18; direct volume was 7% in the quarter vs. 6% in Q2'18



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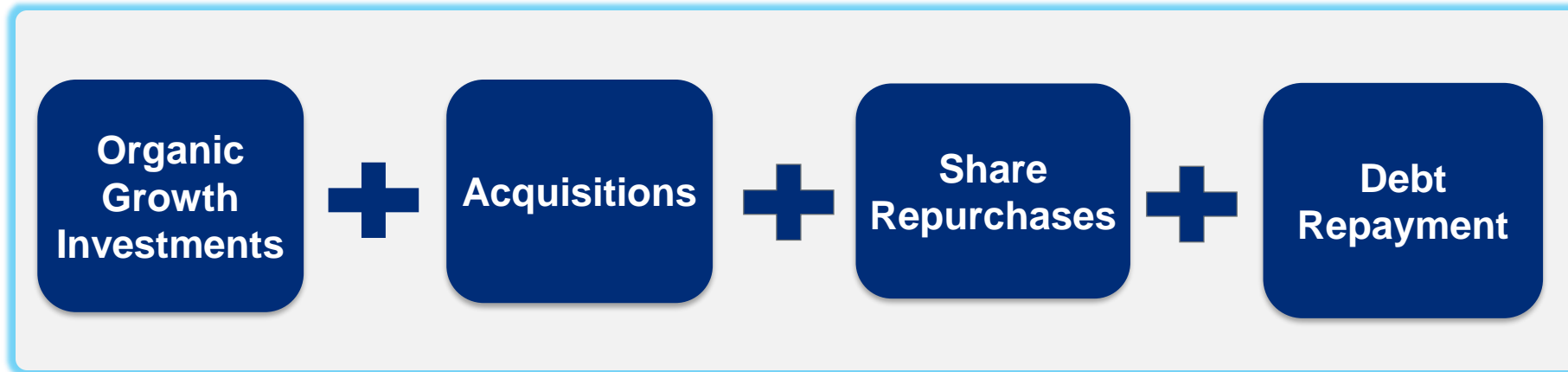
Corporate Update



- Drive 2019 key growth initiatives:
 - Disposal network – extend price/mix improvements and pursue project volumes
 - Blended sales – 2019 goal of 50 million total gallons
Closed loop offering – increase volumes by more than 50% from 2018
- Evaluate IMO 2020 impact on UMO/base oil spread and look for opportunities to capitalize on market conditions
- Pursue opportunities presented by rapidly evolving PFAS market
- 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

Q2 Income Statement

(in millions, except per share data)

Revenue

Cost of revenues

Gross profit

Gross margin %

Selling, general and administrative expenses

SG&A %

Depreciation and amortization

Income from operations

Adjusted EBITDA*

Adjusted EBITDA* margin %

Net income

Diluted earnings per share

Adjusted earnings per share*

Q2 2019

\$868.7

\$594.9

\$273.7

31.5%

\$123.9

14.3%

\$74.2

\$73.0

\$149.8

17.2%

\$36.2

\$0.65

\$0.66

Q2 2018

\$849.1

\$583.6

\$265.6

31.3%

\$126.0

14.8%

\$72.8

\$64.4

\$139.6

16.4%

\$30.7

\$0.54

\$0.54



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

Balance Sheet Highlights



(in millions)

	<u>6/30/19</u>	<u>3/31/19</u>	<u>12/31/18</u>
Cash and short-term marketable securities	\$259.7	\$224.8	\$279.4
Accounts payable	\$253.2	\$242.3	\$276.5
Billed and unbilled receivables	\$685.1	\$656.0	\$661.7
Days sales outstanding (DSO)	74 days	78 days	76 days
Current and Long-term debt	\$1,571	\$1,572	\$1,573
Environmental liabilities	\$194.1	\$193.4	\$190.9

Cash Flow Highlights



(in millions)

	<u>Q2 2019</u>	<u>Q2 2018</u>
Cash from operations	\$108.7	\$77.8
Capital expenditures, net of disposals	(\$56.4)	(\$48.1)
Adjusted free cash flow*	\$52.4	\$29.7
Share repurchases	\$4.9	\$12.2

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

Guidance (as of July 31, 2019)



Full-Year 2019

(in millions)

	Range
Net Income	\$82 to \$115
Adjusted EBITDA*	\$520 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)

	<u>For the Three Months Ended:</u>		<u>For the Six Months Ended:</u>	
	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Net income	\$36,244	\$30,747	\$37,220	\$18,116
Accretion of environmental liabilities	2,560	2,448	5,134	4,878
Depreciation and amortization	74,217	72,760	149,572	147,604
Other expense (income), net	564	(846)	(2,419)	(547)
Interest expense, net	20,215	20,769	39,979	41,039
Provision for income taxes	16,025	13,683	22,002	16,736
Adjusted EBITDA	<u>\$149,825</u>	<u>\$139,561</u>	<u>\$251,488</u>	<u>\$227,826</u>
Adjusted EBITDA Margin	<u>17.2%</u>	<u>16.4%</u>	<u>15.2%</u>	<u>14.2%</u>

Non-GAAP Results Reconciliation

(in thousands)

	<u>For the Three Months Ended:</u>		<u>For the Six Months Ended:</u>	
	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Adjusted free cash flow				
Net cash from operating activities	\$108,730	\$77,767	\$138,470	\$129,670
Additions to property, plant and equipment	(59,425)	(49,897)	(118,372)	(94,139)
Proceeds from sale and disposal of fixed assets	3,068	1,843	7,389	2,641
Adjusted free cash flow	<u>\$52,373</u>	<u>\$29,713</u>	<u>\$27,487</u>	<u>\$38,172</u>

Non-GAAP Guidance Reconciliation

(in millions)

	For the Year Ending December 31, 2019		
Projected GAAP net income	\$82	to	\$115
Adjustments:			
Accretion of environmental liabilities	10	to	10
Depreciation and amortization	300	to	290
Interest expense, net	80	to	78
Provision for income taxes	48	to	57
Projected Adjusted EBITDA	<u>\$520</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?