



Fourth Quarter 2016 Investor Review
February 22, 2017



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:

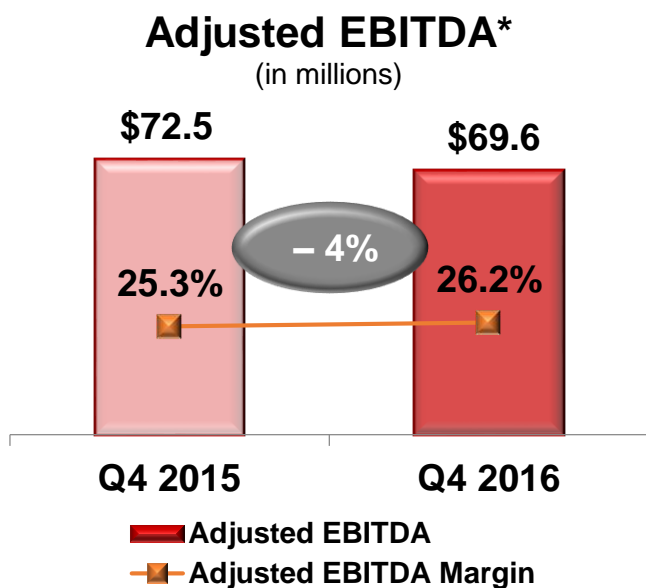
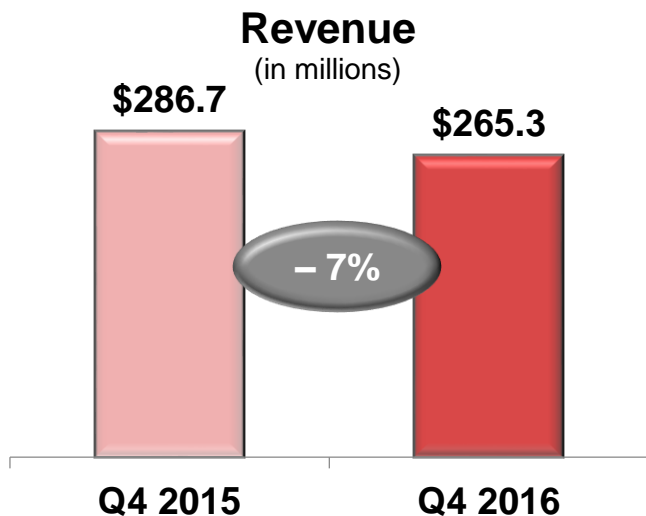
Adjusted EBITDA, as presented in these slides, is a non-GAAP financial measure and should not be considered an alternative to net income or other measurements under generally accepted accounting principles (GAAP), but viewed only as a supplement to those measurements. Adjusted EBITDA is not calculated identically by all companies, and therefore our measurements of Adjusted EBITDA, while defined consistently and in accordance with our existing credit agreement, 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.

Adjusted EBITDA consists of net (loss) income plus accretion of environmental liabilities, depreciation and amortization, net interest expense, provision for income taxes, other gains or non-cash charges (including gain on sale of business and goodwill impairment charges) not deemed representative of fundamental segment results and excludes other (income) expense, net. All amounts in USD unless otherwise noted.

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

Summary of Q4 Results

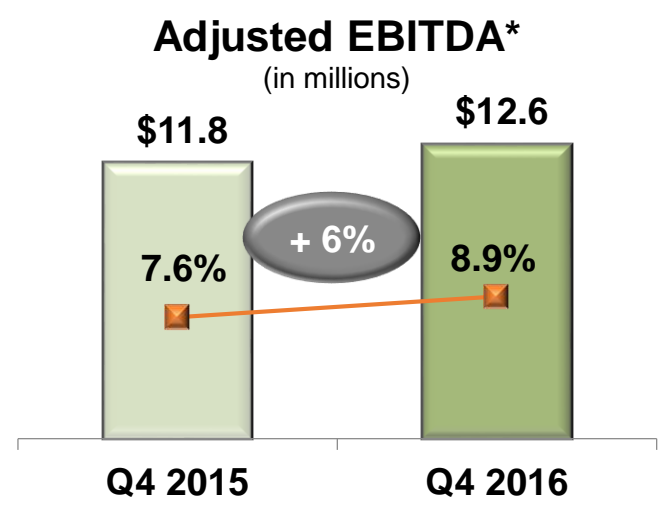
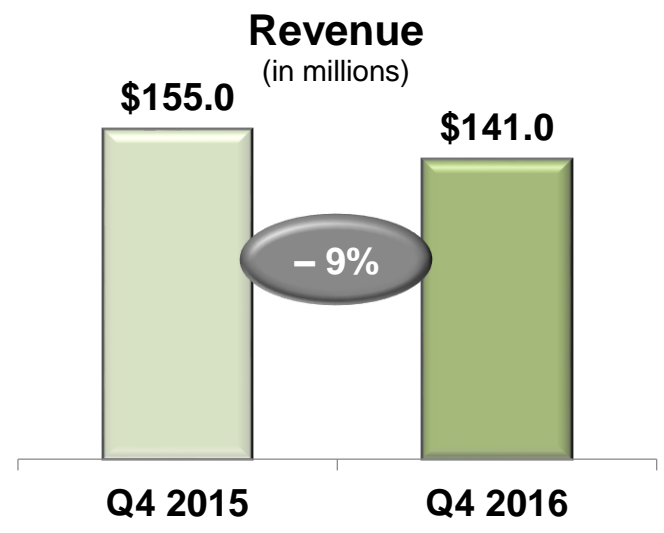
- Q4 revenue was \$692.1 million, a 3% decrease from prior year due to continued softness in industrial and energy markets
- GAAP net loss of \$12.7 million, or \$0.22 per share; Adjusted net loss of \$0.06 per share
- Q4 Adjusted EBITDA* of \$95.9 million with a margin of 13.9%
- Gross margin of 28.2%, up 150 basis points, due to successful cost reduction efforts
- Technical Services revenue and profits down slightly due to projects and industrial slowdown; margins up due to cost reduction efforts and mix
- Industrial & Field Services is largely flat when factoring in sale of catalyst; margins up due to cost reductions and mix
- Safety-Kleen profitability grew by 35% through a 15% increase in revenue, improved mix and higher pricing in base oil/blended products
- Oil, Gas and Lodging Services continues to decline as year-over-year activity remains down and no recovery yet in Western Canada



Q4 Performance

- Revenue down YoY due to lower volumes from some industrial and E&P customers in addition to fewer waste project opportunities
- Adjusted EBITDA declined due to lower revenue, but margin improved due to business mix and cost reductions
- Incinerator utilization at 90% compared with 89% a year ago; U.S. locations were at 87% and Canada was 100%+
- Landfill tonnage down 28% YoY due to lower project volumes, industrial slowdown and continued low levels of waste streams from oil and gas production

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



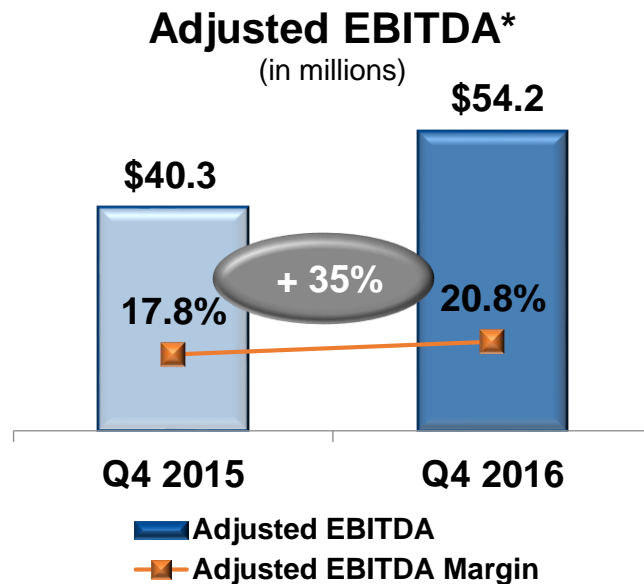
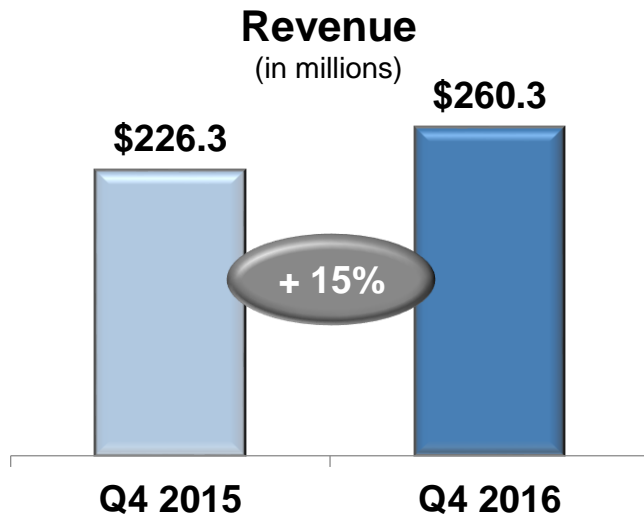
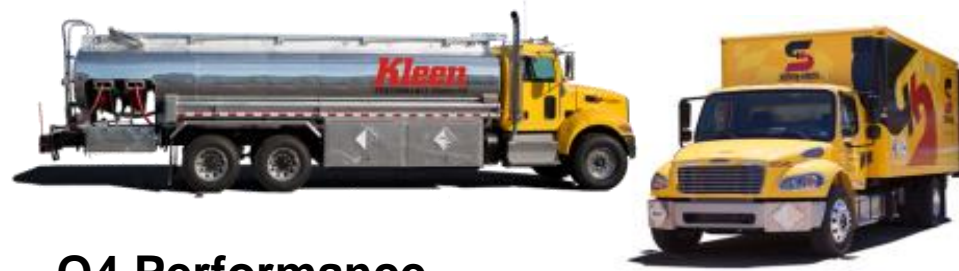
■ Adjusted EBITDA
 ■ Adjusted EBITDA Margin

Q4 Performance

- Revenue decreased YoY due to the divestiture of our catalyst business in Q3; remainder of business was essentially flat
- No major ER events in Q4
- Adjusted EBITDA increased YoY when excluding catalyst from Q4'15 results
- Margins improved year-over-year due to cost reduction efforts and a better business mix
- Personnel utilization of 79%, compared with 76% a year ago; reflecting lower YoY headcount due to staff reductions

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

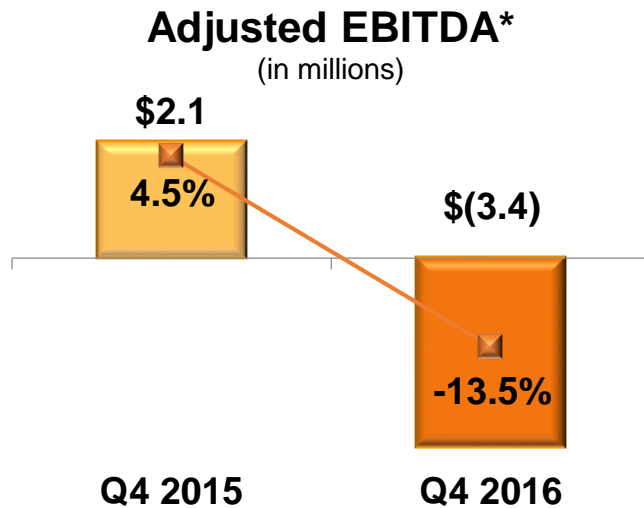
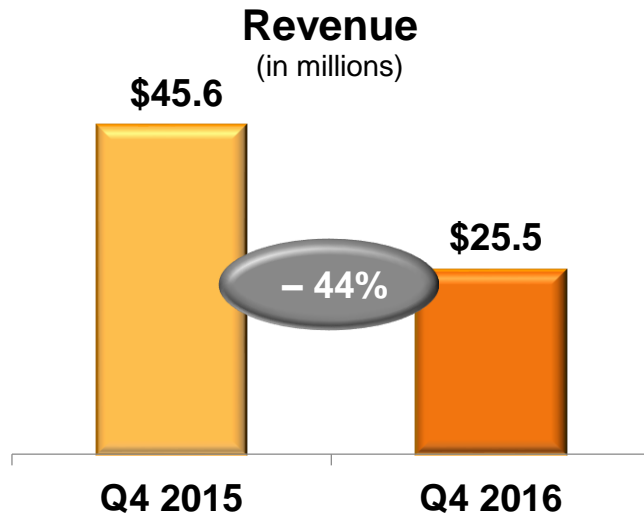




Q4 Performance

- Revenue increased due to combination of organic growth, acquisitions and higher YoY base oil and blended pricing
- Adjusted EBITDA up substantially YoY due to revenue growth and improved spread management
- 241K parts washer services conducted, down from 248K in Q4 2015
- Collected 51 million gallons of waste oil, compared with 49 million in Q4 2015
- CFO rate increased by ~2 cents a gallon from Q3 and ~23 cents from Q4 2015
- Blended products were 27% of volume, compared with 33% a year ago due to acquisitions and quarterly variability

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



■ Adjusted EBITDA
■ Adjusted EBITDA Margin



Q4 Performance

- Revenue down due to lower YoY rig counts, exploration projects, and fewer mobile camps and manufacturing opportunities
- Adjusted EDITDA decreased due to the significant decline in revenue which more than offset cost reduction efforts
- Average rigs serviced was 90, down from 102 in Q4 2015 and up from 73 in Q3
- Average utilization of key equipment was 34%, compared with 38% in Q4 a year ago and 25% in Q3
- Outside room utilization at primary fixed lodges was 35%, compared with 27% in Q4 a year ago and 49% in Q3

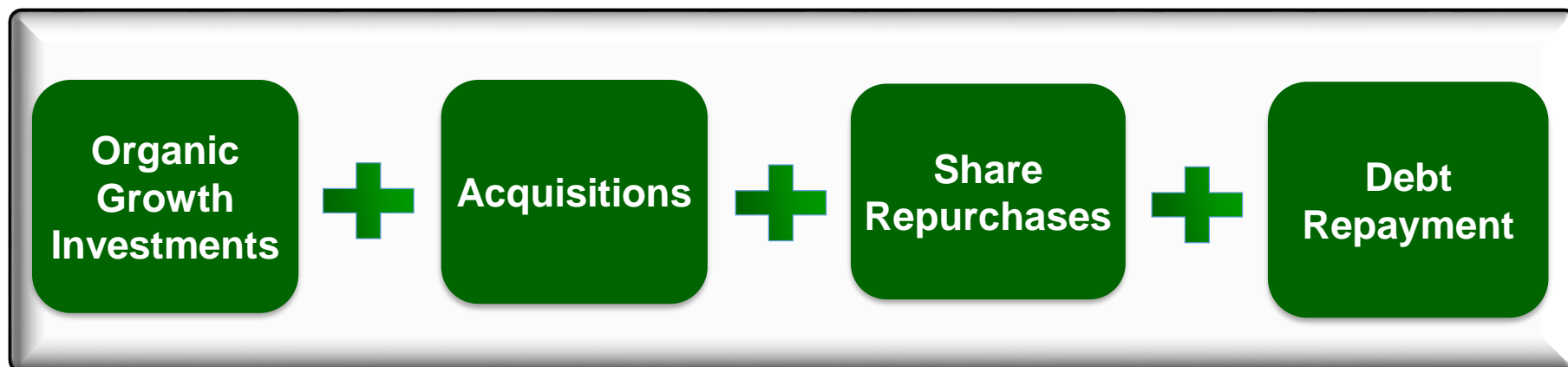
* For a reconciliation of Adjusted EBITDA to net (loss) income, please refer to the appendix in this presentation.

Corporate Update

- Continuing integration of 2016 acquisitions to support our OilPlus closed loop direct sales model and environmental opportunities
- Executing against 2017 cost reduction programs
 - Areas of focus are transportation efficiency, centralizing G&A functions, network optimization and synergies/efficiency gains from acquired businesses
- Driving key growth initiatives:
 - El Dorado incinerator
 - OilPlus closed loop offering
 - Organic sales growth in base business

Capital Allocation Strategy

- Four 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

Outlook



Technical Services

- Ramping up new El Dorado incinerator and driving volumes into network
- Capitalizing on expanded capabilities in the Northwest and West Coast
- Seeking to regain momentum in landfills through large volume project wins



Industrial and Field Services

- Seeking opportunities to improve margins and increase pricing
- Addressing customer needs for spring turnaround season
- Expanding Field Services footprint through collaboration with SK branch network



Safety-Kleen

- Driving higher blended products sales through closed loop strategy
- Managing CFO and stop fees program while maintaining sufficient volumes
- Expanding parts washer sales and capture of containerized waste



Oil, Gas and Lodging Services

- Focusing on cost cutting and rightsizing business
- Maximizing fixed lodge and mobile camp usage
- Gaining market share in shale plays during expected rise in rig counts



Financial Review

Q4 and 2016 Income Statement

(In millions, except per share data)

	<u>Q4 2016</u>	<u>Q4 2015</u>	<u>2016</u>	<u>2015</u>
Revenue	\$692.1	\$713.0	\$2,755.2	\$3,275.1
Cost of revenues	\$496.7	\$523.0	\$1,932.9	\$2,356.8
Gross profit	\$195.5	\$190.1	\$822.4	\$918.3
<i>Gross margin %</i>	28.2%	26.7%	29.8%	28.0%
Selling, general and administrative expenses	\$99.5	\$92.9	\$422.0	\$414.2
<i>SG&A %</i>	14.4%	13.0%	15.3%	12.6%
Depreciation and amortization	\$71.3	\$69.0	\$287.0	\$274.2
Income from operations	\$21.9	\$25.5	\$69.2	\$187.6
Adjusted EBITDA*	\$95.9	\$97.2	\$400.4	\$504.2
<i>Adjusted EBITDA* margin %</i>	13.9%	13.6%	14.5%	15.4%
Net (loss) income	(\$12.7)	\$0.6	(\$39.9)	\$44.1
Diluted (loss) earnings per share	(\$0.22)	\$0.01	(\$0.69)	\$0.76
Adjusted (loss) earnings per share*	(\$0.06)	N/A	\$0.02	\$1.27

* 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>12/31/16</u>	<u>9/30/16</u>	<u>12/31/15</u>
Cash and cash equivalents	\$307.0	\$257.9	\$184.7
Accounts payable	\$229.5	\$226.8	\$241.2
Billed and unbilled receivables	\$532.4	\$553.9	\$521.9
Days sales outstanding (DSO)	74 days	71 days	72 days
Environmental liabilities	\$186.3	\$191.6	\$188.2
Long-term debt	\$1,633	\$1,633	\$1,383
	<u>Q4 2016</u>	<u>Q3 2016</u>	<u>Q4 2015</u>

Cash Flow Highlights

Capital expenditures (net of disposals)	\$27.2	\$50.5	\$64.7
Cash flow from operations	\$80.8	\$58.8	\$86.8
Share repurchase	\$6.3	\$6.2	\$4.2

Guidance (as of February 22, 2017)

2017

	Range
Adjusted EBITDA* (in millions)	\$435 to \$475

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





Questions?





Appendix



Non-GAAP Results Reconciliation

(in thousands)	<u>For the Three Months Ended:</u>		<u>For the Year Ended:</u>	
	<u>December 31, 2016</u>	<u>December 31, 2015</u>	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Net (loss) income	(\$12,713)	\$568	(\$39,873)	\$44,102
Accretion of environmental liabilities	2,648	2,607	10,177	10,402
Depreciation and amortization	71,347	69,005	287,002	274,194
Goodwill impairment charge	—	—	34,013	31,992
Other (income) expense	(6,932)	990	(6,195)	1,380
Gain on sale of business	(453)	—	(16,884)	—
Interest expense, net	21,333	18,849	83,525	76,553
Provision for income taxes	20,708	5,142	48,589	65,544
Adjusted EBITDA	<u>\$95,938</u>	<u>\$97,161</u>	<u>\$400,354</u>	<u>\$504,167</u>

Non-GAAP Results Reconciliation

(in thousands, except per share amounts)

	For the Three Months Ended:		For the Year Ended:	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Adjusted income from operations				
Income from operations	\$21,943	\$25,549	\$69,162	\$ 187,579
Goodwill impairment charge	—	—	34,013	31,992
Adjusted income from operations	<u>\$21,943</u>	<u>\$25,549</u>	<u>\$103,175</u>	<u>\$ 219,571</u>
Adjusted net (loss) income				
Net (loss) income	(\$12,713)	\$568	(\$39,873)	\$44,102
Goodwill impairment charge, net of tax	—	—	34,013	30,030
Gain on sale of business, net of tax	(289)	—	(15,380)	—
Tax-related valuation allowances	9,609	—	22,564	—
Adjusted net (loss) income	<u>(\$3,393)</u>	<u>\$568</u>	<u>\$1,324</u>	<u>\$74,132</u>
Adjusted (loss) earnings per share				
(Loss) earnings per share	(\$0.22)	\$0.01	(\$0.69)	\$0.76
Goodwill impairment charge, net of tax	—	—	0.59	0.51
Gain on sale of business, net of tax	(0.01)	—	(0.27)	—
Tax-related valuation allowances	0.17	—	0.39	—
Adjusted (loss) earnings per share	<u>\$(0.06)</u>	<u>\$0.01</u>	<u>\$0.02</u>	<u>\$1.27</u>

Non-GAAP Guidance Reconciliation

(Amount in millions)

	For the Year Ending December 31, 2017		
Projected GAAP net income	\$4	to	\$35
Adjustments:			
Accretion of environmental liabilities	11	to	10
Depreciation and amortization	290	to	280
Interest expense, net	91	to	91
Provision for income taxes	39	to	59
Projected Adjusted EBITDA	<u>\$435</u>	to	<u>\$475</u>

(Amount in millions)

	For the Year Ending December 31, 2017		
Projected GAAP net income	\$4	to	\$35
Tax-related valuation allowances	20	to	13
Projected adjusted net income	<u>\$24</u>	to	<u>\$48</u>