

# Casella Waste Systems, Inc.

BofA Securities 2023 Global Agriculture and Materials Conference

March 2023



# Safe Harbor Statement

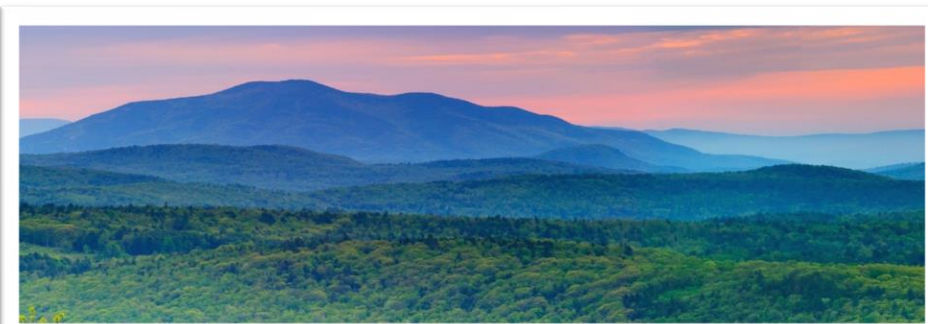
Certain matters discussed in this press release, including, but not limited to, the statements regarding our intentions, beliefs or current expectations concerning, among other things, our financial performance; financial condition; operations and services; prospects; growth; strategies; anticipated impacts from future or completed acquisitions; and guidance for fiscal year 2023, are “forward-looking statements” intended to qualify for the safe harbors from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements can generally be identified as such by the context of the statements, including words such as “believe,” “expect,” “anticipate,” “plan,” “may,” “would,” “intend,” “estimate,” “will,” “guidance” and other similar expressions, whether in the negative or affirmative. These forward-looking statements are based on current expectations, estimates, forecasts and projections about the industry and markets in which the Company operates and management’s beliefs and assumptions. The Company cannot guarantee that it actually will achieve the financial results, plans, intentions, expectations or guidance disclosed in the forward-looking statements made. Such forward-looking statements, and all phases of the Company’s operations, involve a number of risks and uncertainties, any one or more of which could cause actual results to differ materially from those described in its forward-looking statements.

Such risks and uncertainties include or relate to, among other things, the following: the Company may be unable to adequately increase prices or drive operating efficiencies to adequately offset increased costs and inflationary pressures, including increased fuel prices and wages; it is difficult to determine the timing or future impact of a sustained economic slowdown that could negatively affect our operations and financial results; the capping and closure of the Subtitle D landfill located in Southbridge, Massachusetts (“Southbridge Landfill”) could result in material unexpected costs; recent changes in solid waste laws of the State of Maine may result in lower revenues or higher operating costs; adverse weather conditions may negatively impact the Company’s revenues and its operating margin; the Company may be unable to increase volumes at its landfills or improve its route profitability; the Company may be unable to reduce costs or increase pricing or volumes sufficiently to achieve estimated Adjusted EBITDA and other targets;

landfill operations and permit status may be affected by factors outside the Company’s control; the Company may be required to incur capital expenditures in excess of its estimates; the Company’s insurance coverage and self-insurance reserves may be inadequate to cover all of its significant risk exposures; fluctuations in energy pricing or the commodity pricing of its recyclables may make it more difficult for the Company to predict its results of operations or meet its estimates; the Company may be unable to achieve its acquisition or development targets on favorable pricing or at all; the Company may not be able to successfully integrate acquired businesses; and the Company may incur environmental charges or asset impairments in the future.

There are a number of other important risks and uncertainties that could cause the Company’s actual results to differ materially from those indicated by such forward-looking statements. These additional risks and uncertainties include, without limitation, those detailed in Item 1A. “*Risk Factors*” in the Company’s most recently filed Form 10-K and Form 10-Q and in other filings that the Company may make with the Securities and Exchange Commission in the future.

The Company undertakes no obligation to update publicly any forward-looking statements whether as a result of new information, future events or otherwise, except as required by law.



# Casella Waste Systems - Overview

**Casella provides integrated solid waste, recycling and resource services.**

- \$1.085 billion of revenues for the 12-months ended 12/31/22.
- Integrated operations located in seven northeast states.
- Emphasis on integrated solid waste and recycling operations including collection, disposal, and Resource Solutions.

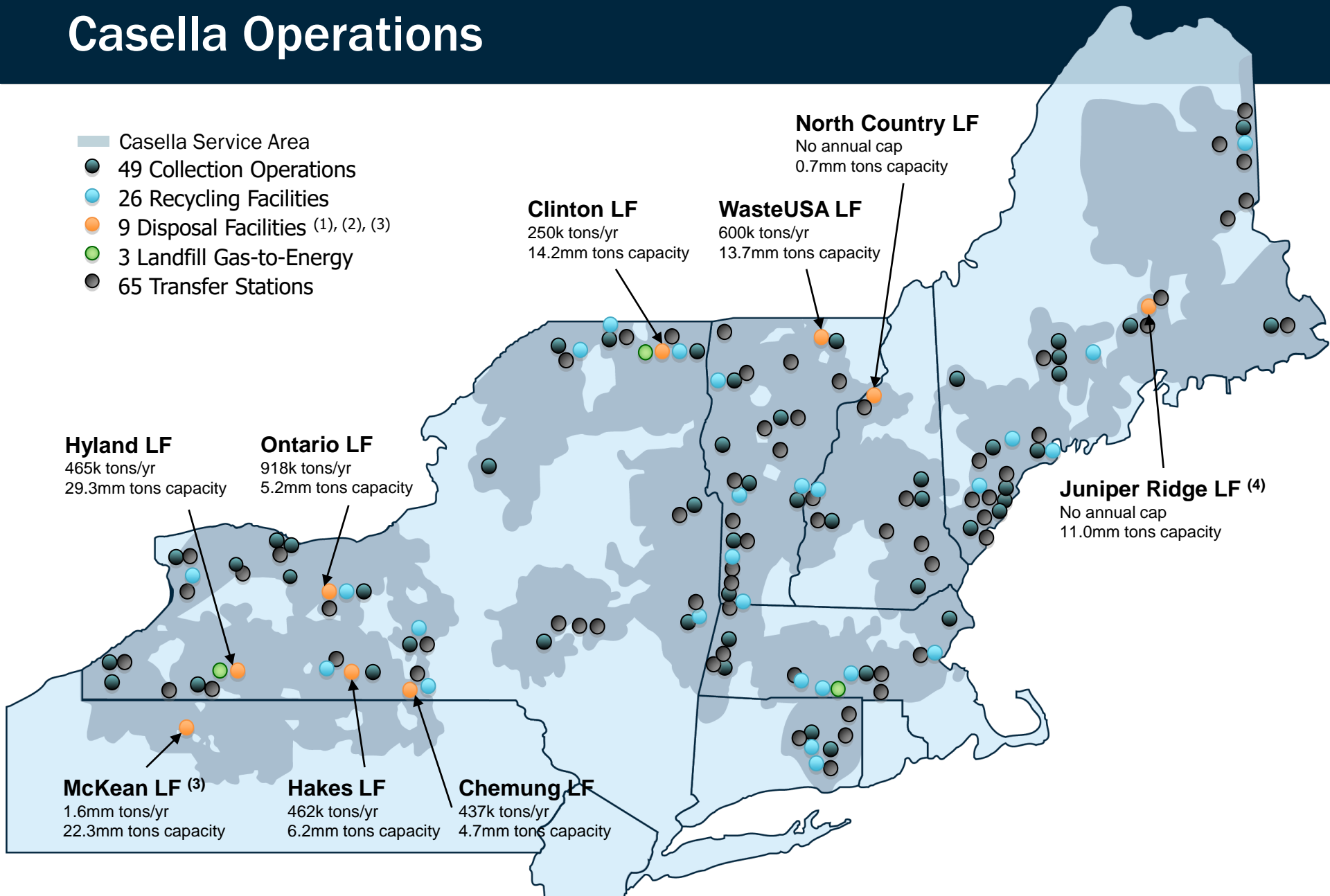
**Focused on providing customers with waste and resource solutions.**

- Waste and resource assets are well positioned in the northeast.
- Robust transfer network allows us to effectively move waste and recyclables to our disposal & processing facilities.
- Provide customers with value-added Resource Solutions services.



# Casella Operations

- Casella Service Area
- 49 Collection Operations
- 26 Recycling Facilities
- 9 Disposal Facilities (1), (2), (3)
- 3 Landfill Gas-to-Energy
- 65 Transfer Stations

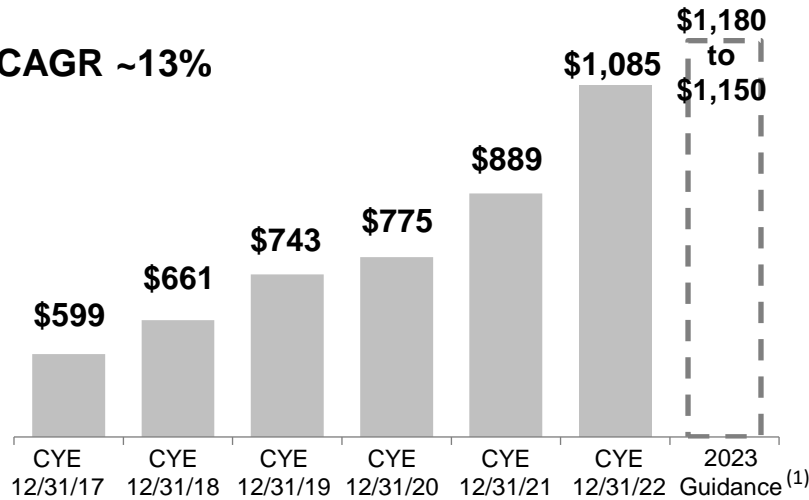


(1) Includes 8 Subtitle D landfills and 1 landfill permitted to accept construction and demolition materials. (2) Total disposal capacity includes permitted and permissible airspace estimates at each site as of 12/31/22. (3) McKean permit allows for a maximum of 6,500 tons per day from either A) up to 6,500 tons per day via rail or B) up to 2,000 tons per day via truck with the remaining daily limit coming by rail, capped at an average of 6,000 tons per day within any calendar quarter.

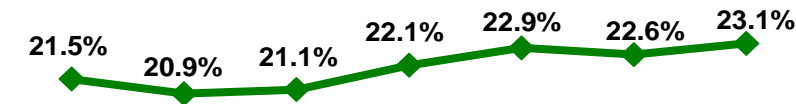
# Results up significantly on strategic execution

## Revenue (\$mm)

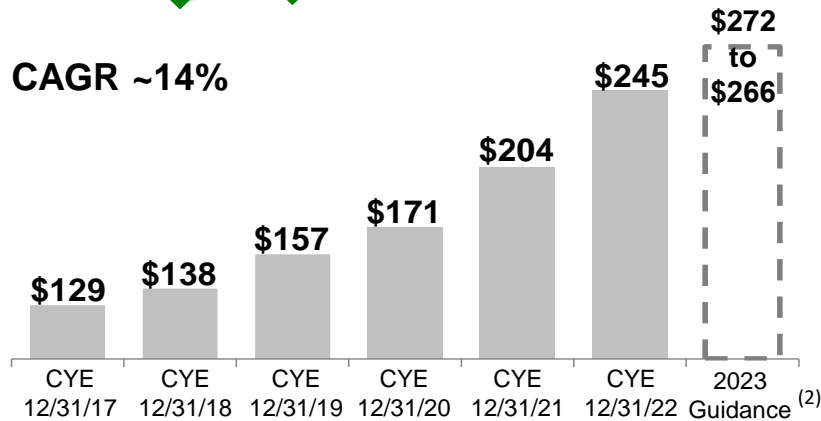
CAGR ~13%



## Adj. EBITDA (\$mm) & Margin (2)



CAGR ~14%



## Solid results for 2022 year-over-year:

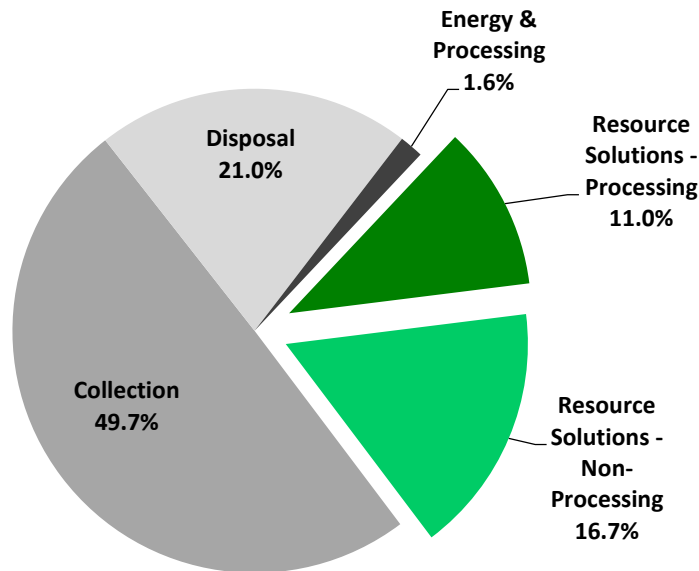
- Consolidated revenues up +22.0% YOY in 2022.
- Revenue growth driven by +11.6% organic growth and +10.4% acquisition contribution.
- Solid waste price up +6.4%; collection price up +7.0% and disposal price up +5.4%.
  - Pricing programs recalibrated early in 2022 to better combat inflation. Fuel cost recovery programs fully offset higher fuel costs for the year.
- Net Income up +\$12.0mm in 2022.
- Adj. EBITDA up +\$41.7mm (or +20.5%) driven by strength in the core business (operating efficiency initiatives, positive price, and our risk mitigating fuel cost recovery program), acquisition activity, and strategic execution.

(1) CY 2023 Guidance as announced on 2/16/23.

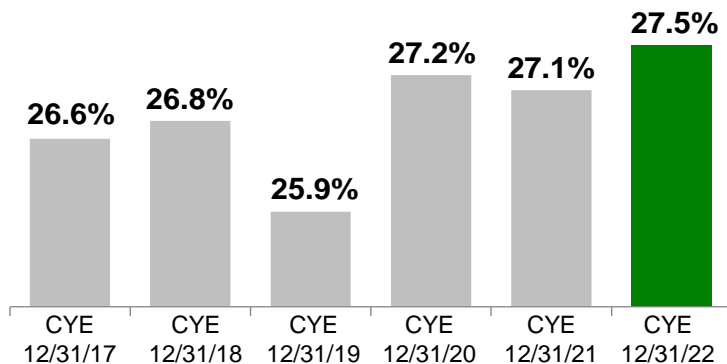
(2) Please refer to the appendix for further information and a reconciliation of Adjusted EBITDA to the most directly comparable GAAP measure, which is Net Income (Loss). Net loss was (\$21.8mm) for the fiscal year ended 12/31/17. Net income was \$6.4mm for the fiscal year ended 12/31/18, \$31.7 for the fiscal year ended 12/31/19, \$91.1mm for the fiscal year ended 12/31/20, \$41.1mm for the fiscal year ended 12/31/21, and \$53.1mm for the fiscal year ended 12/31/22.

# Solid Waste operations driving improving margins

## LTM 12/31/22 – Revenue Splits



## Solid Waste Adjusted EBITDA Margins



## ~72% revenues in Solid Waste.

- Solid Waste consists of integrated collection, transfer, landfill, energy, and processing services.
- Focus on pricing programs, cost efficiencies, and asset utilization, and acquisitions.
- SW Adj. EBITDA margins up +40bps YOY in 2022.

## ~28% revenues in Resource Solutions.

- Resource Solutions consists of processing operations such as recycling and organic material processing facilities and non-processing operations such as brokerage and resource management services.
- Recycling business implementation of our SRA Fee, contract resets, and operating efficiencies driving higher margins.

# 2023 guidance ranges

2023 guidance reflects robust pricing programs, the rollover impact of acquisitions, strong operational efficiencies, and continued capital discipline.

	CY 2022 Actuals		CY 2023 Guidance Ranges <sup>(1)</sup>	
Revenues	\$1,085.1mm	➔	\$1,150mm to \$1,180mm	+6.0% to +8.7%
Net Income	\$53.1mm		\$56mm to \$62mm	+5.5% to +16.8%
Adjusted EBITDA <sup>(2)</sup>	\$245.2mm	➔	\$266mm to \$272mm	+8.5% to +10.9%
Net Cash Provided by Operating Activities	\$217.3mm		\$227mm to \$233mm	+4.5% to +7.2%
Adjusted Free Cash Flow <sup>(3)</sup>	\$111.2mm	➔	\$119mm to \$125mm	+7.0% to +12.4%

(1) CY 2023 Guidance Ranges as announced on 2/16/23.

(2) Please refer to appendix for a reconciliation of Adjusted EBITDA to the most directly comparable GAAP measure, which is Net income (loss).

(3) Please refer to appendix for a reconciliation of Adjusted Free Cash Flow to the most directly comparable GAAP measure, which is net cash provided by operating activities.

# 2024 Strategic Plan





# 2024 Strategic plan expected to further drive shareholder value

The key strategies of our 2024 Plan are similar to the 2021 Plan with the 2024 Plan introducing Foundational Pillars as areas of focus and disciplined investment that enable and support execution against the overall plan.

## Key Strategies

- 1 Increasing landfill returns
- 2 Driving additional profitability in collection operations
- 3 Creating incremental value through Resource Solutions
- 4 Allocating capital to return driven growth

5 Strengthening Foundational Pillars

People Sustainable Growth Technology Facilities

*Alignment to ESG Goals*

## Financial Framework

- Organic revenue growth targeted at +4.5% to +7.0% per year.
- Greater than \$30mm per year of revenues through acquisition or development activity. Opportunistic, not budgeted, with strict capital hurdle rates and process.
- Adjusted Free Cash Flow growth of +10% to +15% per year.
- Consolidated Net Leverage targeted at less than 3.25x.

# Environmental, Social, and Governance (ESG)

## Strategic alignment to ESG.

- We take pride in our history of better enabling our customers and the communities we serve to meet sustainability related goals.
- Emphasis on providing safe and sustainable environmental services.
- Founding member of EPA Climate Leaders program in 2005, with a reduction of our Scope 1 and 2 greenhouse gas emissions of -45% from 2005 to 2010.
- Net Climate Benefit (measure of emission benefits from services we provide to customers vs. emissions we produce [Scope 1 + 2] in our business) was 4.8x in 2021.
- In February 2023, introduced Sustainability-linked credit facility that aligns borrowing costs to Safety & Resource Solutions (ESG) goals.

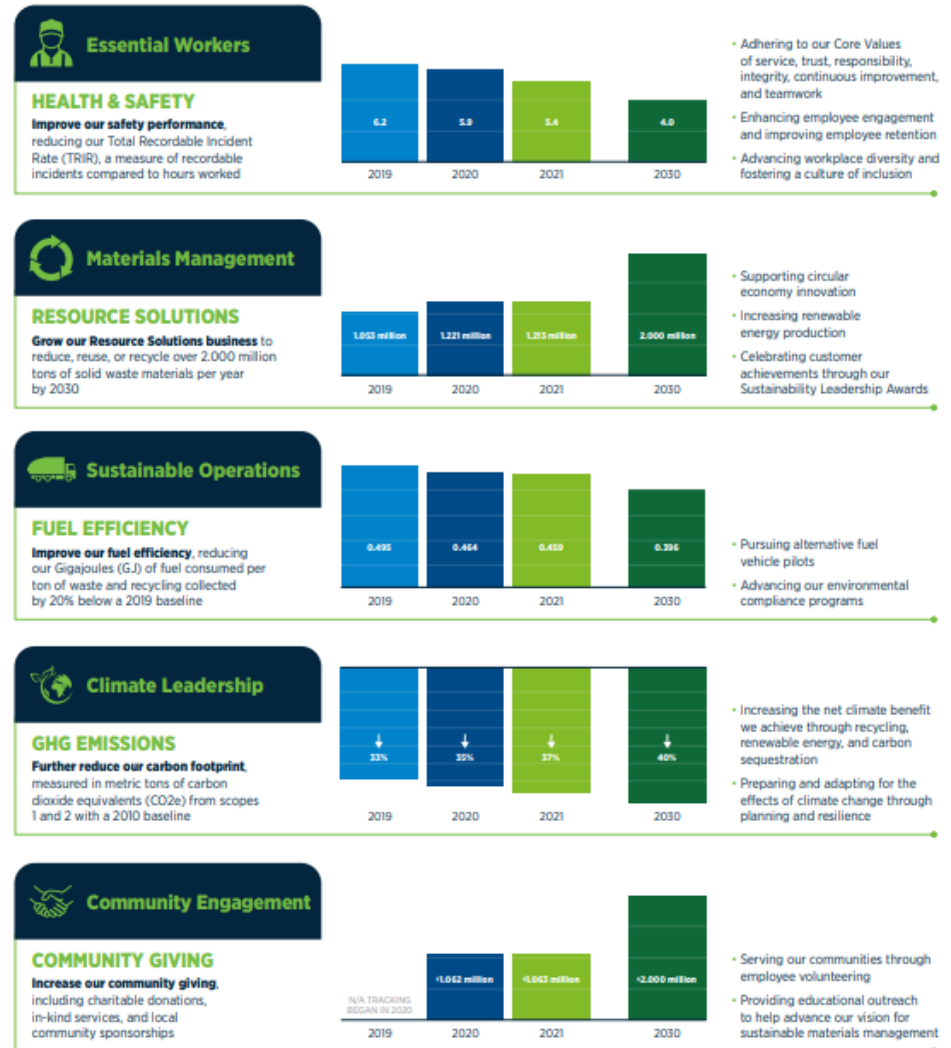
## Focus on enhancing public disclosures.

- ESG related disclosures, such as our most recent Sustainability Accounting Standards Board (“SASB”) report, Carbon Disclosure Project (“CDP”) questionnaire response, and our **Sustainability Reports** are located within our ESG Practices website.

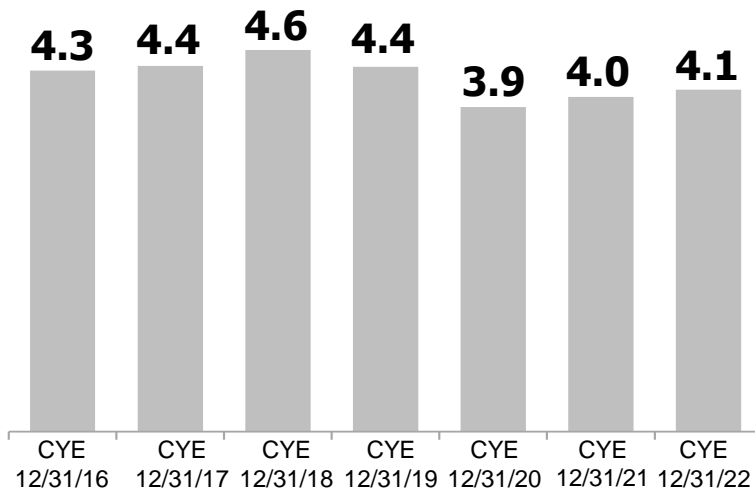
[ir.casella.com/esg-practices](http://ir.casella.com/esg-practices)

## 2030 GOALS

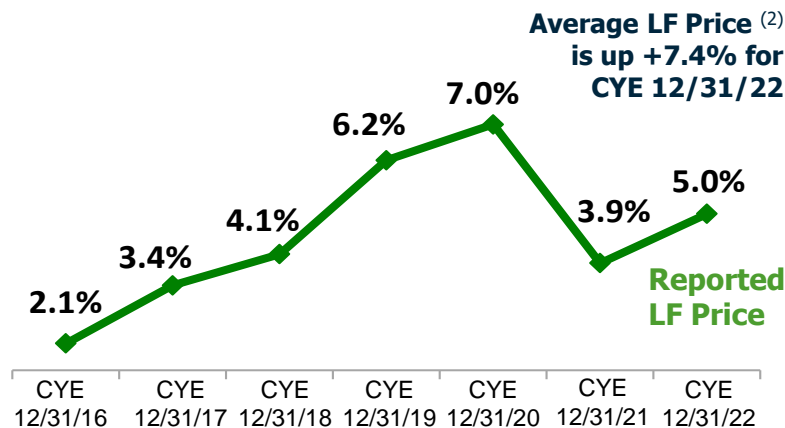
Our sustainability strategy has five key elements. For each element, we have established a primary metric and a 2030 goal. We have also identified additional factors that will help us to advance our sustainability vision.



## Annual Landfill Volumes (mm Tons) <sup>(1)</sup>



## Landfill Price Growth



## Landfill Highlights:

- Total disposal capacity approximately 107.3mm tons.<sup>(3)</sup>
- Roughly 0.9mm tons/yr of excess annual permitted capacity at 12/31/22.
- Jan 2016 - Hyland LF annual permit increased by +150k tons/yr.
- Jan 2016 - Ontario LF total permitted capacity increased by +15.7mm cyds.
- Jun 2016 - Chemung LF total permitted capacity increased by +8.2mm cyds and increased the annual permit by 237k tons/yr.
- Jun 2017 - Juniper Ridge LF total permitted capacity increased by +9.4mm cyds.
- Aug 2018 – Clinton LF annual permit increased by +75k tons/yr.
- Jul 2019 – WasteUSA LF total permitted capacity increased by +13.7mm CYDS.
- Dec 2019 – Hakes LF permitted capacity increased by +2.7mm cyds.
- Oct 2020 – North Country LF permitted capacity increased by +1.2mm cyds.

(1) Annual Landfill Disposal Volumes include amortizable and non-amortizable tons.

(2) Average landfill price per ton considers all tons and all customers.

(3) Includes both permitted and permittable airspace at landfills as of 12/31/22.

# 1 Increasing landfill returns - continued

## Strategy capitalizes on improving market and asset positioning to further improve landfill returns.

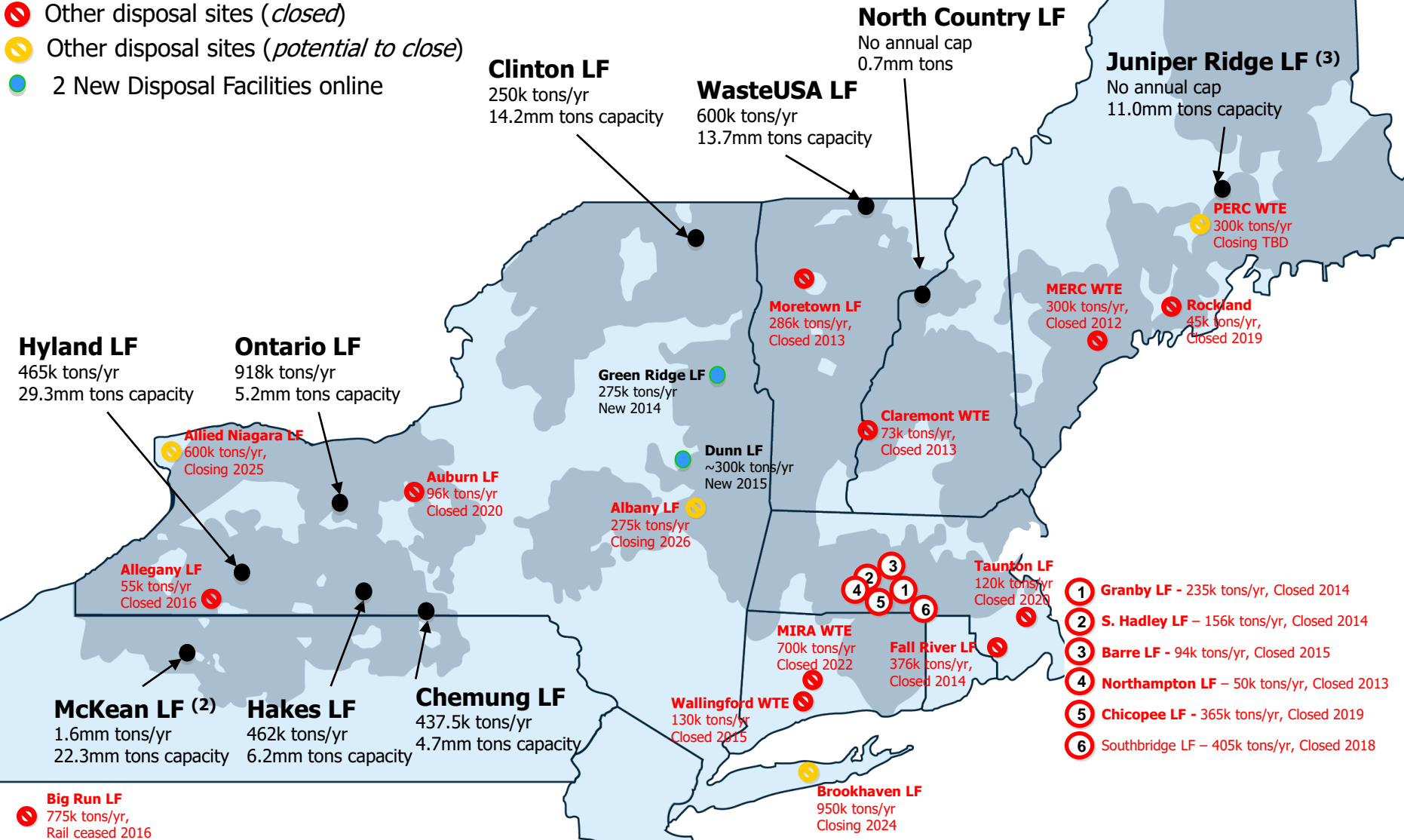
- 12/31/22 LTM reported landfill price up +5.0% with continued tightening disposal capacity across the northeast.
- Landfill tons up +1.9% YOY for the 12-months ended 12/31/22.
- Continued focus on key operational initiatives.

## Market dynamics are improving across our footprint area.

- Disposal site closures (and expected closures) are creating a supply-demand imbalance.
- Within our footprint, roughly 3.4mm tons/yr of disposal capacity has closed since Dec 2012, and an additional 2.1mm tons/yr of disposal capacity is expected to permanently close in the next several years, offset by 0.4mm tons/yr of new disposal capacity (= **net closure of -5.1mm tons/yr**).

# Disposal market in Northeast is contracting...

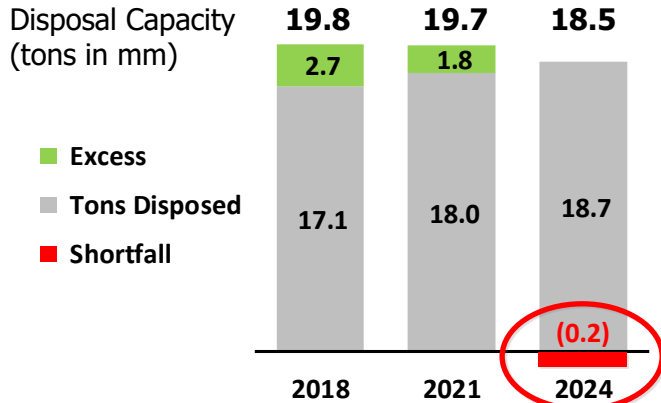
- 9 Disposal Facilities (1)
- 🚫 Other disposal sites (*closed*)
- 🚧 Other disposal sites (*potential to close*)
- 🟢 2 New Disposal Facilities online



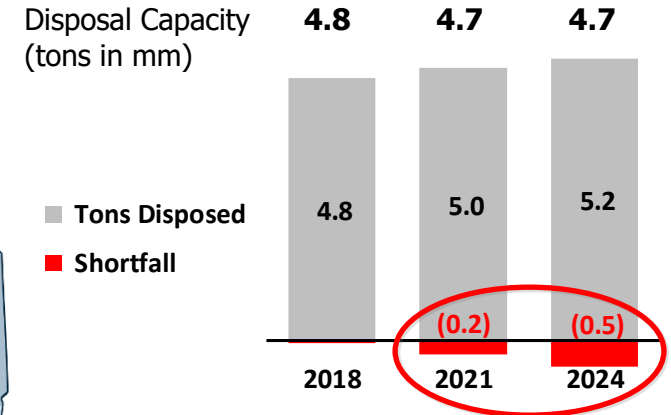
(1) Total disposal capacity includes permitted and permittable airspace estimates at each site as of 12/31/22; (2) McKean permit allows for a maximum of 6,500 tons per day from either A) up to 6,500 tons per day via rail or B) up to 2,000 tons per day via truck with the remaining daily limit coming by rail; capped at an average of 6,000 tons per day within any calendar quarter.

# ...creating a supply-demand imbalance

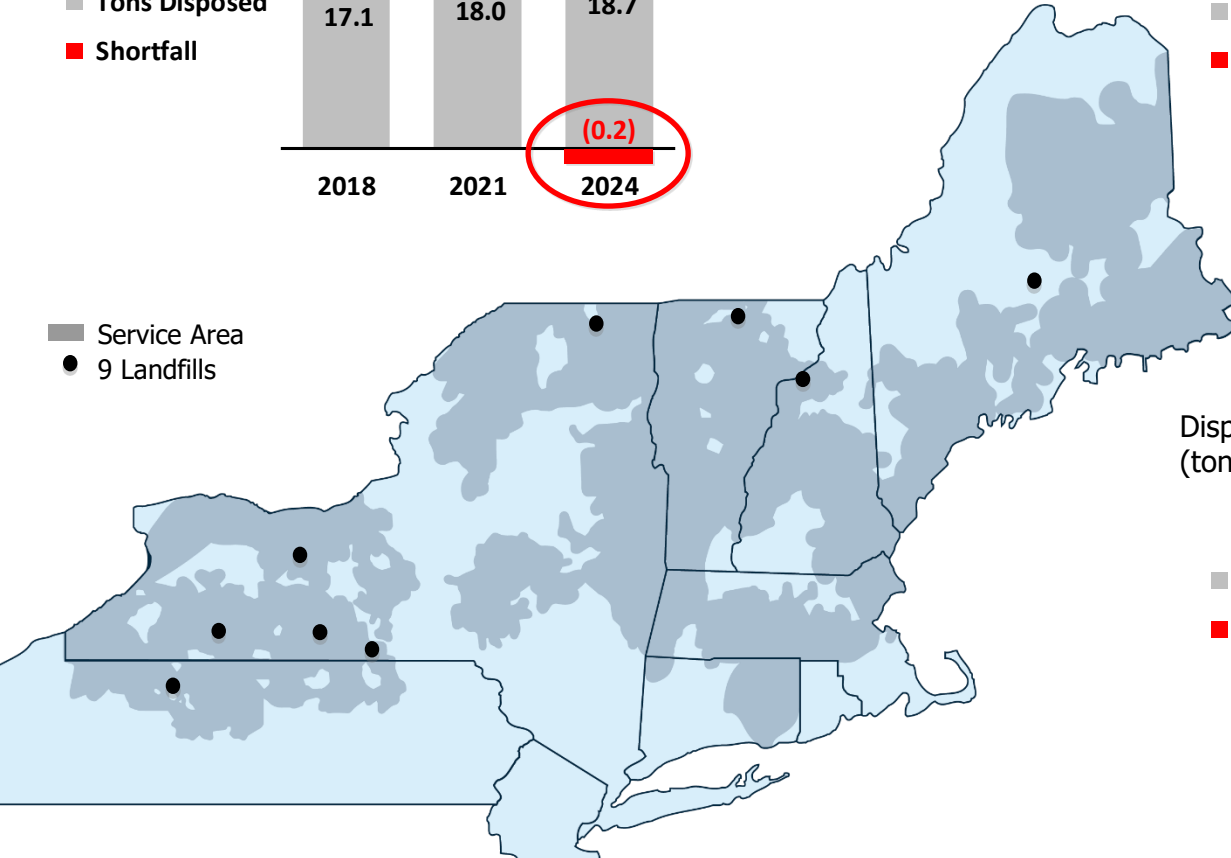
## New York



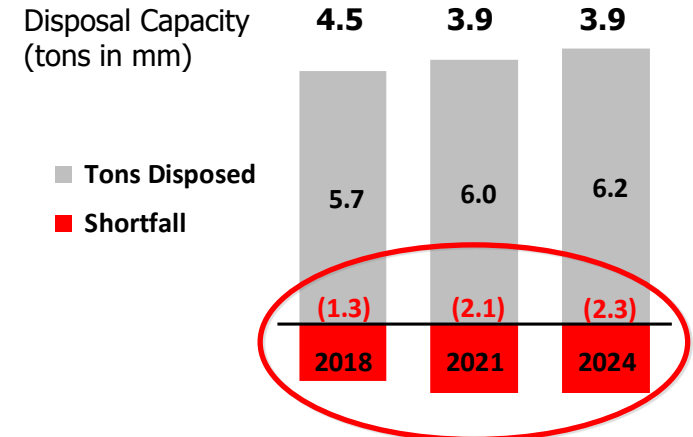
## Vermont, New Hampshire & Maine



Service Area  
 9 Landfills

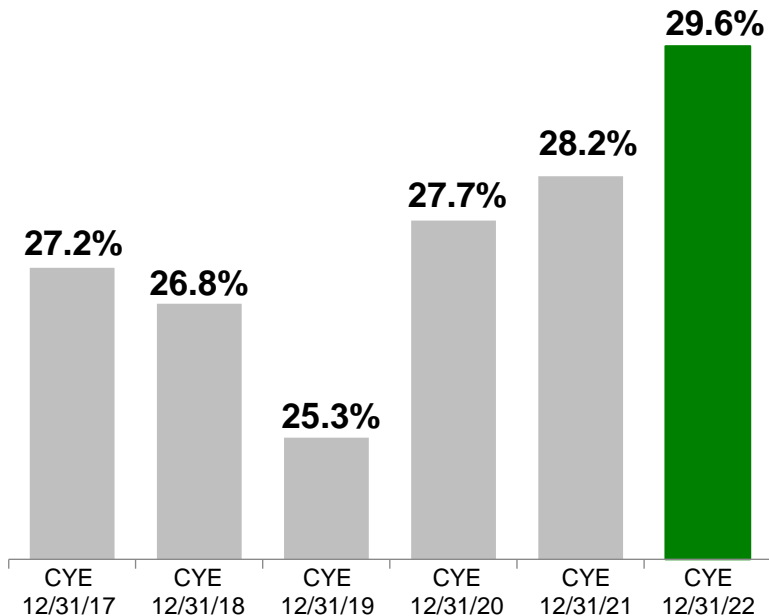


## Massachusetts



Note: Data collected from active landfill and waste to energy facilities from State Annual Facility Reports for 2017 and 2018 and includes company estimates.

## Collection Adjusted EBITDA Margins



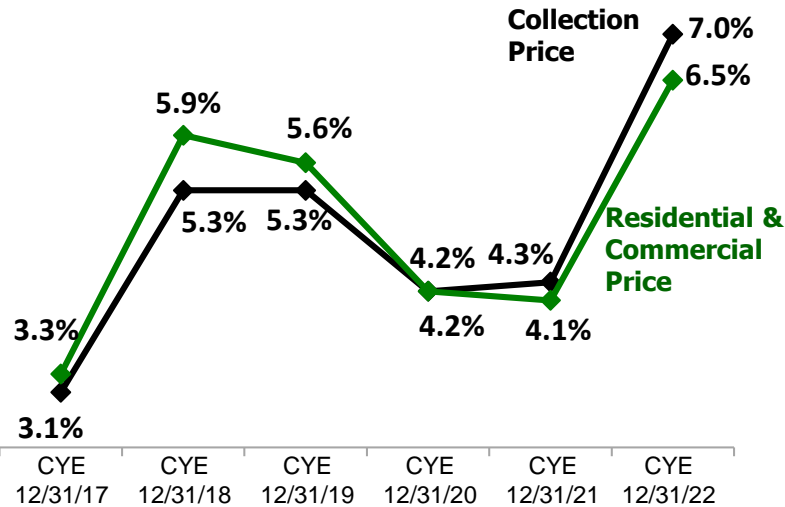
### Strategies to improve Collection profitability:

- 1) Pricing over inflation;
- 2) Operating efficiencies; and
- 3) Improving density through profitable organic growth and acquisitions.

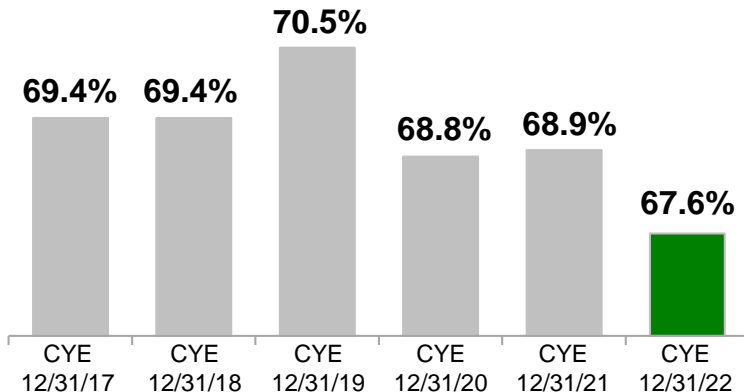
### Collection margin improvement:

- Focus on routing and automation initiatives.
- Flexible and responsive pricing programs.
- Our fuel cost recovery fee program is offsetting higher fuel costs; while our Sustainability Recycling Adjustment fee mitigates recycling commodity risk.
- Effectively flexed variable costs in Q1 2021 and 2020 to fully offset the negative volume impact related to the COVID-19 pandemic.
- Direct labor and disposal cost inflation, along with acquisition activity, weighed on margins in 2018 and 2019.

## Collection Price



## Collection Cost of Operations as % of Collection Revenues



## (1) Focus on pricing discipline.

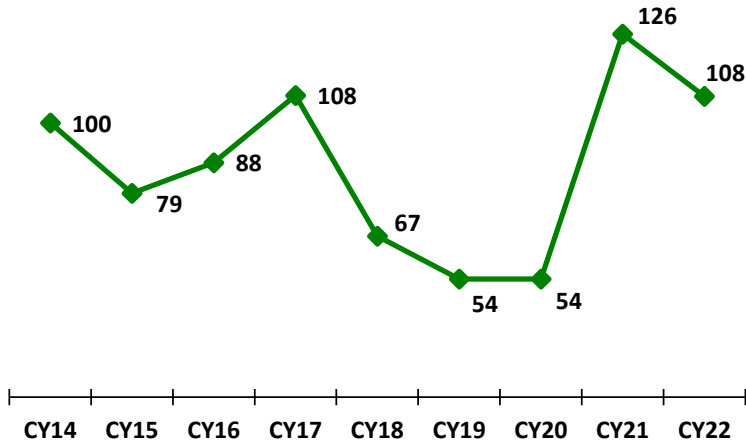
- Collection pricing up +7.0% YOY in 2022.
- Focused on pricing in excess of inflation.
- Pricing flexibility based on customer mix.
- Use floating cost recovery fees to manage risk; E&E fee to offset fuel volatility and environmental inflation; SRA fee for recycling commodities.

## (2) Focus on operating efficiencies.

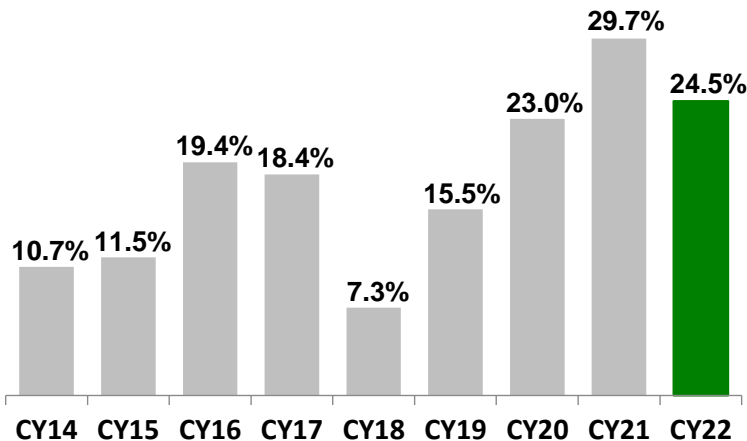
- Business Intelligence tools and robust operating programs enable ability to flex variable costs and pricing programs.
- Route profitability: new dynamic routing tools, new on-board computers, Service Excellence program, roll-off profitability initiative.
- Fleet optimization: standardized fleet selection, automation, reducing maintenance costs.



## Average Commodity Revenue per ton (ACR) Indexed <sup>(1)</sup>



## Recycling Adjusted EBITDA Margins



## Reshaped recycling model to improve returns and reduce commodity risk.

- Increased revenue share thresholds for 3rd party recycling customers.
- Introduced the Sustainability Recycling Adjustment fee (SRA) for collection customers.
- Pass back increased processing costs to customers with Net Average Commodity Rate.

## CY2022 Recycling Adj. EBITDA margins of +24.5%, up +900bps from 2019.

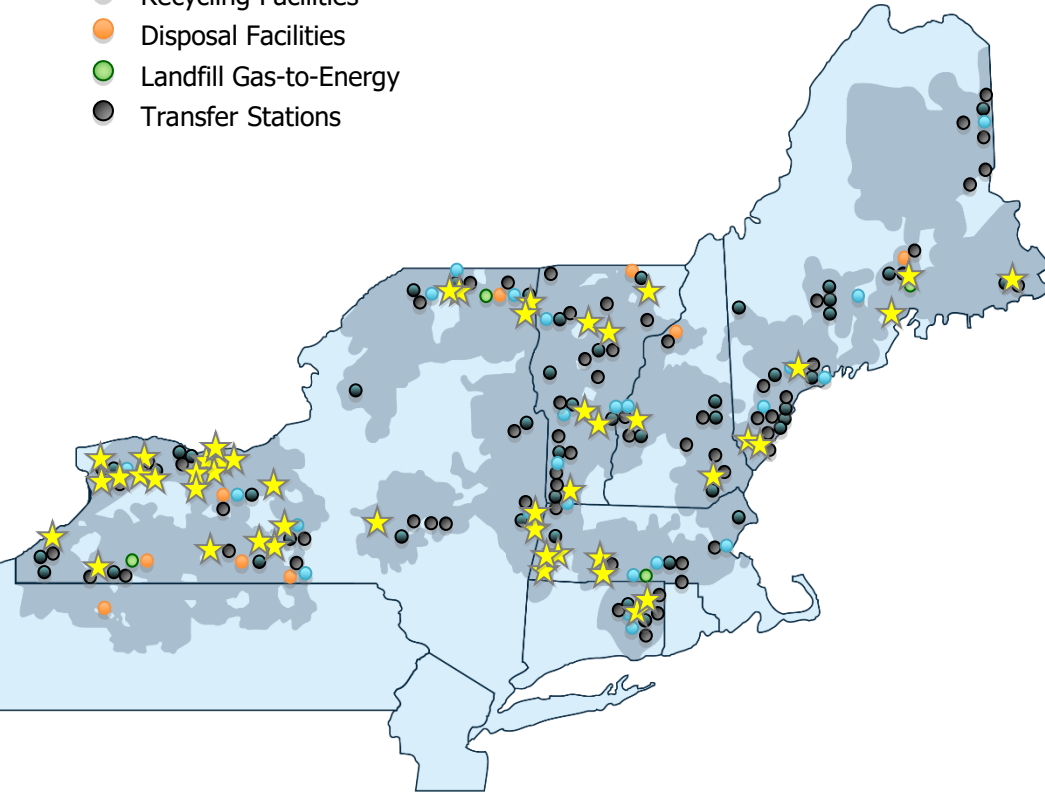
- Driven by higher recycling commodity prices, processing fees, & operational improvements.
- We continue to improve our revenue model, focus on operational improvements, and make return-driven investments on equipment.

(1) Data from Pulp & Paper Week (Yellow Sheet data for Recovered Paper exports to Asia) and indexed based on 2014's ARC per ton value

## Acquisition activity

### ★ Recent Acquisitions (since Q3 2017)

- Collection Operations
- Recycling Facilities
- Disposal Facilities
- Landfill Gas-to-Energy
- Transfer Stations



### Acquisition program ramped up over last 4-years.

- 2018: 10 acquisitions with \$77mm revenues.
- 2019: 9 acquisitions with \$53mm revenues.
- 2020: 10 acquisitions with \$22mm revenues.
- 2021: 10 acquisitions with \$88mm revenues.

### Completed 14 acquisitions with \$51mm of annualized revenues in 2022.

- Continued focus in 2022 on effectively integrating past acquisitions, driving synergies, and further strategic growth.

### Robust pipeline of acquisitions.

- We have over \$500mm of revenues in potential acquisitions across our northeast markets in our mid-term pipeline.
- Acquisitions will be opportunistic and will strictly adhere to our disciplined capital return hurdles and review process.

To support growth and further differentiate Casella, we believe that it is important to continue to invest in, and strengthen, 4 key Foundational Pillars:

- a) **People**: Developing a Safe, Engaged, Ready Workforce to support profitable growth.
- b) **Sustainable Growth**: Driving profitable growth through an integrated resource solutions approach
- c) **Technology**: Driving profitable growth & efficiencies through technology plan.
- d) **Facilities**: Developing necessary long-term infrastructure through facilities plan.

**Technology Strategy focuses on investment in core systems and infrastructure to drive cost efficiencies, customer value, and growth.**

## Profitable revenue growth

### Optimize sales organization and activities.

- Migrated from 5 CRM systems to MS Dynamics CRM & Case Management.
- Sustainable Growth team focused on resource solutions, opportunity and retention activities, cross-selling, and driving higher salesforce effectiveness and efficiency.

## Operating efficiencies

### Leveraging technology to help drive operating efficiencies.

- Utilizing MS PowerBi to gain real-time business intelligence to drive higher accountability and more efficient decision making .
- Easyroute implemented as new route optimization platform. RouteWare being deployed as new on-board computing platform to drive efficiencies, enhance safety, and improve billings; implemented on +48% of routed fleet as of Q4 2022.
- Developing new MS D365 service management system, including customer portals, dispatch, work-order-management, billing, credit & collections.

## Back-office efficiencies

### Update key systems to drive finance and back-office transformation.

- NetSuite implemented as new ERP system in Feb 2018 (on-time and on-budget).
- Updating procurement systems with the implementation of Coupa, digitization and automation of key processes, and spend category management.

# Balance sheet gives ample liquidity to meet needs

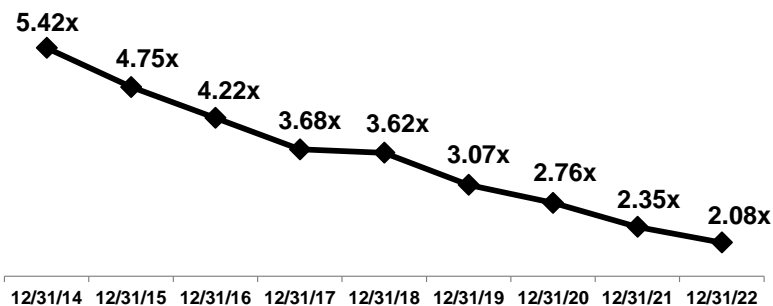
## 9/30/22 - Capitalization Table (\$mm)

	12/31/2022	12/31/2021
Cash	\$ 71.2	\$ 33.8
Revolver (\$300mm, L+112.5bps, due 2026)	6.0	-
Term Loan A (L+112.5bps, due 2026)	350.0	350.0
Industrial Revenue Bonds (2.75% - 5.25%, due 2025 - 2052)	197.0	162.0
Notes Payable & Finance leases (1.7% - 3.6%)	50.5	50.6
<b>Total Debt</b>	<b>603.5</b>	<b>562.6</b>
<b>Total Debt, Net of Unencumbered Cash (1)</b>	<b>\$ 534.3</b>	<b>\$ 530.8</b>
Consolidated Bank EBITDA (LTM)	\$ 257.1	\$ 225.8
<b>Total Debt, Net / Consolidated Bank EBITDA (2)</b>	<b>2.08x</b>	<b>2.35x</b>
<b>Total Debt (net all cash) / Consolidated Bank EBITDA</b>	<b>2.07x</b>	<b>2.34x</b>
<b>Available Liquidity (including Cash)</b>	<b>\$ 337.2</b>	<b>\$ 305.7</b>

(1) Unencumbered cash and cash equivalents in excess of \$2.0mm up to a maximum of \$100.0mm.

(2) Consolidated net leverage ratio as defined by the Credit Agreement.

## Consolidated Net Leverage Ratio (2)



## Conservative capital structure with ample liquidity, covenant headroom, and no near-term maturities.

- Consolidated Net Leverage Ratio 2.08x at 12/31/22.
- Liquidity of \$337.2mm at 12/31/22, including \$71.2mm of cash.
- As of 12/31/22, \$437.5mm (or 72.5%) of our debt had fixed interest rates; this includes \$190mm of floating-to-fixed LIBOR swaps.
- Recent one-notch upgrades at both S&P (to BB) and Moody's (to Ba2).
- Closed on two Credit Facility amendments 2/9/23.
  - Early Adoption to Term SOFR in advance of 6/30/23 LIBOR cessation.
  - Sustainability Linked Loan; TRIR and Resource Solutions Tons Sustainability KPI's.

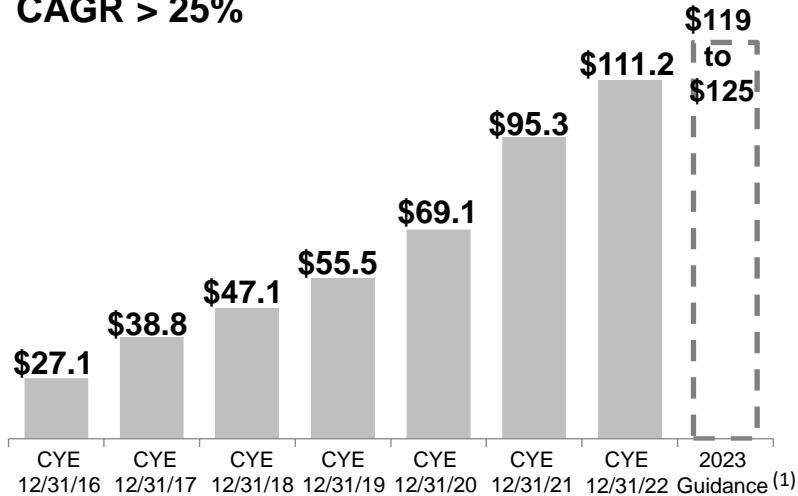
(1) Credit Agreement only allows up to \$100mm of unencumbered cash to be netted against Total Debt, net for the purpose of calculating leverage ratio.

(2) Defined as "Consolidated Net Leverage Ratio" in the Credit Agreement dated as of 10/17/16 for 12/31/16, 12/31/17, 12/31/18, 12/31/19, 12/31/20, 12/31/21, 12/31/22; Total Debt-to-EBITDA as defined as "Consolidated Leverage Ratio" in the Loan & Security Agreement dated as of 2/27/15 ("ABL Revolver") for all other periods; see appendix for a reconciliation.

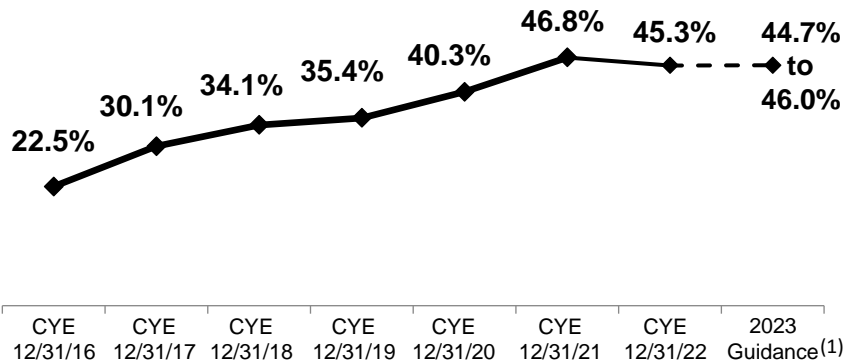
# Strategic execution driving higher Free Cash Flows

## Adjusted Free Cash Flow (\$mm) <sup>(1), (2)</sup>

CAGR > 25%



## Adjusted Free Cash Flow Yield (as % of Adj EBITDA) <sup>(1), (2)</sup>



## Focused on improving Free Cash Flow:

- Goal to grow Adjusted FCF +10% to +15% per year.
- CY 2022 Adjusted FCF \$111.2mm (+16.7% YOY) on strong operating results and capital discipline.
- Plan to use excess cash for select strategic tuck-in acquisitions or investments.
- Adjusted Tax loss carryforwards will continue to shield cash taxes (as of 12/31/22, \$51.9mm of Federal NOLs).<sup>(3)</sup>

(1) CY 2023 Guidance as announced on 2/16/23.

(2) See attached appendix for further information and for a reconciliation of Adjusted Free Cash Flow to net cash provided by operating activities, which is the most directly comparable GAAP measure. Net cash provided by operating activities for the periods presented above was \$70.5mm for CYE 12/31/15, \$80.4mm for CYE 12/31/16, \$107.5mm for CYE 12/31/17, \$120.8mm for CYE 12/31/18, \$116.8mm for CYE 12/31/19, \$139.9mm for CYE 12/31/20, \$182.7mm for CYE 12/31/21, and \$217.3mm for CYE 12/31/22.

(3) Total tax carryforwards include \$51.9mm of Federal NOLs and \$6.7mm of Federal tax credits updated as of 12/31/22; total tax carry forwards exclude \$29.3mm of State NOLs and \$0.4mm of State tax credits as of 12/31/22.

# Casella's value drivers...

**Valuable integrated solid waste assets in disposal limited Northeast markets.**

**Management focused on increasing Free Cash Flow, maintaining low leverage, further growth, and strategic execution.**

**Results demonstrate strong execution of plan.**

**Near term focus of team:**

- *Increasing landfill returns;*
- *Driving profitability in collection operations;*
- *Creating incremental value through Resource Solutions;*
- *Allocating capital to return driven growth;*
- *Strengthening Foundational Pillars.*



# Appendix





# Reconciliation of Adjusted EBITDA

\$ in 000's

## Non-GAAP Reconciliation of Adjusted Operating Income and Adjusted EBITDA to Net (loss) income (1)

	12 months ended Dec. 31, 2016	12 months ended Dec. 31, 2017	12 months ended Dec. 31, 2018	12 months ended Dec. 31, 2019	12 months ended Dec. 31, 2020	12 months ended Dec. 31, 2021	12 months ended Dec. 31, 2022
<b>Revenues</b>	\$ 565,030	\$ 599,309	\$ 660,660	\$ 743,290	\$ 774,584	\$ 889,211	\$ 1,085,089
<b>Net (loss) income</b>	\$ (6,858)	\$ (21,799)	\$ 6,420	\$ 31,653	\$ 91,106	\$ 41,100	\$ 53,079
Provision (benefit) for income taxes	494	(15,253)	(384)	(1,874)	(52,804)	16,946	21,887
Other income	(1,090)	(935)	(745)	(1,439)	(1,073)	(1,313)	(2,585)
Impairment of investments	-	-	1,069	-	-	-	-
Loss on debt extinguishment	13,747	517	7,352	-	-	-	-
Interest expense, net	38,652	24,887	26,021	24,735	22,068	20,927	23,013
Southbridge Landfill closure charge, net	-	65,183	8,054	2,709	4,587	496	1,436
Expense from acquisition activities and other items	-	176	1,872	2,687	1,862	5,304	4,613
Environmental remediation charge	900	-	-	-	-	924	759
Development project charge	-	-	311	-	-	-	-
Contract settlement charge	-	-	2,100	-	-	-	-
Withdrawal costs - multiemployer pension plan	-	-	-	3,591	-	-	-
Depreciation and amortization	61,856	62,102	70,508	79,790	90,782	103,590	126,351
Depletion of landfill operating lease obligations	9,295	9,646	9,724	7,711	7,781	8,265	8,674
Interest accretion on landfill and environmental remediation liabilities	3,606	4,482	5,708	6,976	7,090	7,324	8,008
<b>Adjusted EBITDA</b>	\$ 120,602	\$ 129,006	\$ 138,010	\$ 156,539	\$ 171,399	\$ 203,563	\$ 245,235
Solid Waste	416,054	437,130	496,832	564,687	578,273	654,089	785,211
Resource Solutions	148,976	162,179	163,828	178,603	196,311	235,126	299,878
<b>Third party revenues</b>	\$ 565,030	\$ 599,309	\$ 660,660	\$ 743,290	\$ 774,584	\$ 889,211	\$ 1,085,089
<b>Adjusted EBITDA margins</b>	<u>21.3%</u>	<u>21.5%</u>	<u>20.9%</u>	<u>21.1%</u>	<u>22.1%</u>	<u>22.9%</u>	<u>22.6%</u>
<b>Net (loss) income margins</b>	<u>-1.2%</u>	<u>-3.6%</u>	<u>1.0%</u>	<u>4.3%</u>	<u>11.8%</u>	<u>4.6%</u>	<u>4.9%</u>

(1) We present Adjusted EBITDA, which is a non-GAAP performance measure, to provide an understanding of operational performance because we consider it an important supplemental measure of our performance and believe it is frequently used by securities analysts, investors and other interested parties in the evaluation of our results. We also believe that identifying the impact of certain items as adjustments provides more transparency and comparability across periods. Management uses Adjusted EBITDA to further understand our "core operating performance" and believes our "core operating performance" is helpful in understanding our ongoing performance in the ordinary course of operations. We believe that providing Adjusted EBITDA to investors, in addition to the corresponding income statement measures, affords investors the benefit of viewing our performance using the same financial metrics that the management team uses in making many key decisions and understanding how the core business and our results of operations have performed.

# Reconciliation of Adjusted Free Cash Flow

\$ in 000's

## Non-GAAP Reconciliation of Adjusted Free Cash Flow to Net cash provided by operating activities

	12 months ended Dec. 31, 2016	12 months ended Dec. 31, 2017	12 months ended Dec. 31, 2018	12 months ended Dec. 31, 2019	12 months ended Dec. 31, 2020	12 months ended Dec. 31, 2021	12 months ended Dec. 31, 2022
<b>Net cash provided by operating activities (i)</b>	<b>\$ 80,434</b>	<b>\$ 107,538</b>	<b>\$ 120,834</b>	<b>\$ 116,829</b>	<b>\$ 139,922</b>	<b>\$ 182,737</b>	<b>\$ 217,314</b>
Capital expenditures	(54,238)	(64,862)	(73,232)	(103,165)	(108,108)	(123,295)	(130,960)
Payments on landfill operating lease contracts (i)	(7,249)	(7,240)	(7,415)	-	-	-	-
Proceeds from sale of property and equipment	1,362	711	870	750	533	788	600
Proceeds from property insurance settlement	-	-	992	332	-	-	-
Southbridge landfill closure and Potsdam environmental remediation (ii)	-	2,182	(2,827)	15,445	8,906	6,274	3,766
Interest payment on redemption of senior subordinated notes (iii)	6,770	-	-	-	-	-	-
Contract settlement costs (iv)	-	-	2,100	-	-	-	-
Cash outlays from acquisition activities and other items (v)	-	-	1,329	2,622	1,307	4,988	4,284
Waste USA Landfill phase VI capital expenditures (vi)	-	-	-	4,873	10,573	13,325	-
Post acquisition and development project capital expenditures (vii)	38	469	4,402	17,782	16,014	10,515	16,209
<b>Adjusted Free Cash Flow</b>	<b>\$ 27,117</b>	<b>\$ 38,798</b>	<b>\$ 47,053</b>	<b>\$ 55,468</b>	<b>\$ 69,147</b>	<b>\$ 95,332</b>	<b>\$ 111,213</b>

(i) Effective January 1, 2019, as a part of implementing ASC Topic 842, Leases, cash payments on landfill operating lease contracts, which historically were capitalized as property, plant and equipment and presented in the Condensed Consolidated Statements of Cash Flows as cash outflows from investing activities, are classified as cash flows from operating activities that reduce net cash provided by operating activities.

(ii) Southbridge Landfill closure and Potsdam environmental remediation are cash outlays (and inflows) associated with the unplanned closure of the Southbridge Landfill and the Company's portion of costs associated with environmental remediation at the Company's Potsdam, New York scrap yard which are added back when calculating Adjusted Free Cash Flow due to their non-recurring nature and the significance of the related cash flows. The Company initiated the unplanned closure of the Southbridge Landfill in the fiscal year ended December 31, 2017 and expects to incur cash outlays through completion of the closure and environmental remediation process. The Potsdam site was deemed a Superfund site in 2000 and is not associated with current operations.

(iii) Includes interest payment required upon redemption of the 7.75% Senior Subordinated Notes due 2019.

(iv) Includes a contract settlement cash outlay associated with exiting a contract.

(v) Cash outlays from acquisition activities and other items are cash outlays for transaction and integration costs relating to specific acquisition transactions and include legal, environmental, valuation and consulting as well as asset, workforce and system integration costs as part of the Company's strategic growth initiative and other items.

(vi) Waste USA Landfill phase VI capital expenditures are capital expenditures related to Waste USA Landfill phase VI construction and development that are added back when calculating Adjusted Free Cash Flow due to the specific nature of this investment in the development of long-term infrastructure which is different from landfill construction investments in the normal course of operations. This investment at the Waste USA Landfill is unique because the Company is investing in long-term infrastructure over an estimated four year period that will not yield a positive economic benefit until 2023 and extending over approximately 20 years.

(vii) Post acquisition and development project capital expenditures are (x) acquisition related capital expenditures that are necessary to optimize strategic synergies associated with integrating newly acquired operations as contemplated by the discounted cash flow return analysis conducted by management as part of the acquisition investment decision; and (y) non-routine development investments that are expected to provide long-term returns. Acquisition related capital expenditures include costs required to achieve initial operating synergies and integrate operations.

- (1) We present non-GAAP liquidity measures such as Adjusted Free Cash Flow, Bank Consolidated EBITDA, Consolidated Funded Debt, Net and Consolidated Net Leverage Ratio that provide an understanding of the Company's liquidity because we consider them important supplemental measures of our liquidity that are frequently used by securities analysts, investors and other interested parties in the evaluation of our cash flow generation from our core operations that are then available to be deployed for strategic acquisitions, growth, investments, development projects, unusual landfill closures, site improvements and remediation, and strengthening our balance sheet through paying down debt. We also believe that identifying the impact of certain items as adjustments provides more transparency and comparability across periods. Management uses non-GAAP liquidity measures to further understand our cash flow provided by operating activities after certain expenditures along with our consolidated net leverage and believes that these measures demonstrate our ability to execute on our strategic initiatives. We believe that providing such non-GAAP liquidity measures to investors, in addition to corresponding cash flow statement measures, affords investors the benefit of viewing our liquidity using the same financial metrics that the management team uses in making many key decisions and understanding how the core business and cash flow generation has performed.

# Reconciliation of Consolidated Leverage Ratio

\$ in millions

## Reconciliation of Consolidated EBITDA (as defined by the applicable credit facility agreement) to Net Cash Provided by Operating Activities

\$ in millions	12 months ended Dec. 31, 2014	12 months ended Dec. 31, 2015	12 months ended Dec. 31, 2016	12 months ended Dec. 31, 2017	12 months ended Dec. 31, 2018	12 months ended Dec. 31, 2019	12 months ended Dec. 31, 2020	12 months ended Dec. 31, 2021	12 months ended Dec. 31, 2022
<b>Net cash provided by operating activities</b>	<b>\$ 62.2</b>	<b>\$ 70.5</b>	<b>\$ 80.4</b>	<b>\$ 107.5</b>	<b>\$ 120.8</b>	<b>\$ 116.8</b>	<b>\$ 139.9</b>	<b>\$ 182.7</b>	<b>\$ 217.3</b>
Changes in assets and liabilities, net of effects of acquisitions and divestitures	(2.2)	(5.0)	9.4	4.6	5.4	28.7	25.2	13.1	11.2
Divestiture transactions	(6.9)	5.5	-	-	-	-	-	-	-
Gain (loss) on sale of property and equipment	0.5	0.1	0.6	(0.1)	0.5	0.9	(0.9)	(0.2)	-
Loss on sale of equity method investment	(0.2)	-	-	-	-	-	-	-	-
Loss on debt extinguishment	-	-	(13.7)	(0.5)	-	(7.4)	-	-	-
Non-cash expense from acquisition activities and other items	-	(1.0)	-	-	(0.8)	(0.1)	(0.6)	(0.3)	-
Stock based compensation and related severance expense, net of excess tax benefit	(2.3)	(2.9)	(3.4)	(6.4)	(8.4)	(7.2)	(8.2)	(11.6)	(8.2)
Development project charge	(1.4)	-	-	-	(0.3)	-	-	-	-
Impairment of investments	(2.3)	(2.1)	-	-	(1.1)	-	-	-	-
Operating lease right-of-use assets expense	-	-	-	-	-	(9.6)	(8.5)	(5.6)	(5.1)
Withdrawal costs - multiemployer pension plan	-	-	-	-	-	(2.2)	-	-	-
Loss on derivative instruments	(0.6)	(0.2)	-	-	-	-	-	-	-
Southbridge Landfill non-cash closure charge	-	-	-	(63.5)	(16.2)	(0.1)	(0.3)	0.4	(0.7)
Southbridge Landfill insurance recovery for investing activities	-	-	-	-	3.5	-	-	-	-
Interest expense, less amortization of debt issuance costs and discount on long-term debt	38.2	40.1	35.1	22.5	23.9	22.8	20.2	18.9	21.8
Provision (benefit) for income taxes, net of deferred taxes	0.2	0.6	(0.1)	0.3	(1.6)	(0.6)	(0.5)	1.9	5.4
Gain on settlement of acquisition related contingent consideration	1.1	-	-	-	-	-	-	-	-
Environmental remediation charge	-	-	(0.9)	-	-	-	-	(0.9)	-
EBITDA adjustment as allowed by the applicable credit facility agreement	7.5	(2.5)	-	-	-	-	-	-	-
Adjustments as allowed by the applicable credit facility agreement	5.3	7.4	17.1	71.0	34.7	20.5	14.1	27.4	15.4
<b>Minimum Consolidated EBITDA</b>	<b>\$ 99.0</b>	<b>\$ 110.5</b>	<b>\$ 124.5</b>	<b>\$ 135.4</b>	<b>\$ 153.0</b>	<b>\$ 169.9</b>	<b>\$ 180.5</b>	<b>\$ 225.8</b>	<b>\$ 257.1</b>
Consolidated Funded Debt (Total Debt)	\$ 537.0	\$ 525.0	\$ 525.6	\$ 497.7	\$ 555.2	\$ 522.7	\$ 548.4	\$ 562.6	\$ 603.5
<b>Consolidated Net Leverage Ratio (Total Debt-to-EBITDA)</b>	<b>5.42</b>	<b>4.75</b>	<b>4.22</b>	<b>3.68</b>	<b>3.62</b>	<b>3.07</b>	<b>2.76</b>	<b>2.35</b>	<b>2.08</b>

# Capital Expenditure Detail

\$ in 000's

## Capital Expenditure Detail <sup>(1)</sup>

(\$ in thousands)

	12 months ended Dec. 31, 2016		12 months ended Dec. 31, 2017		12 months ended Dec. 31, 2018		12 months ended Dec. 31, 2019		12 months ended Dec. 31, 2020		12 months ended Dec. 31, 2021		12 months ended Dec. 31, 2022	
<b>Growth Capital Expenditures:</b>														
Post acquisition and development projects	\$	-	\$	469	\$	4,402	\$	17,782	\$	16,014	\$	10,515	\$	16,209
Waste USA Landfill Phase VI		-		-		-		4,873		10,573		13,325		-
Other		5,373		3,552		4,260		1,582		4,362		13,480		5,636
<b>Growth Capital Expenditures</b>	<b>\$</b>	<b>5,373</b>	<b>\$</b>	<b>4,021</b>	<b>\$</b>	<b>8,662</b>	<b>\$</b>	<b>24,237</b>	<b>\$</b>	<b>30,949</b>	<b>\$</b>	<b>37,320</b>	<b>\$</b>	<b>21,845</b>
<b>Replacement Capital Expenditures:</b>														
Landfill development		29,666		33,697		27,709		26,915		36,981		23,490		30,684
Vehicles, machinery, equipment, and containers		15,512		21,581		30,287		42,828		30,846		48,427		60,936
Facilities		2,581		3,155		4,985		7,001		5,170		7,550		12,494
Other		1,068		2,408		1,589		2,184		4,162		6,508		5,001
<b>Total Replacement Capital Expenditures</b>		<b>48,827</b>		<b>60,841</b>		<b>64,570</b>		<b>78,928</b>		<b>77,159</b>		<b>85,975</b>		<b>109,115</b>
<b>Total Capital Expenditures</b>	<b>\$</b>	<b>54,200</b>	<b>\$</b>	<b>64,862</b>	<b>\$</b>	<b>73,232</b>	<b>\$</b>	<b>103,165</b>	<b>\$</b>	<b>108,108</b>	<b>\$</b>	<b>123,295</b>	<b>\$</b>	<b>130,960</b>
Replacement Capital Expenditures as % of Revenues		8.6%		10.2%		9.8%		10.6%		10.0%		9.7%		10.1%
Total Capital Expenditures as % of Revenues		9.6%		10.8%		11.1%		13.9%		14.0%		13.9%		12.1%

- (1) The Company's capital expenditures are broadly defined as pertaining to either growth or replacement activities. *Growth capital expenditures* are defined as costs related to development projects, organic business growth, and the integration of newly acquired operations. Growth capital expenditures include costs related to the following: 1) post acquisition and development projects that are necessary to optimize strategic synergies associated with integrating newly acquired operations as contemplated by the discounted cash flow return analysis conducted by management as part of the acquisition investment decision as well as non-routine development investments that are expected to provide long-term returns and includes the following capital expenditures required to achieve initial operating synergies: trucks, equipment and machinery; and facilities, land, IT infrastructure or related upgrades to integrate operations; 2) Waste USA Landfill phase VI construction and development for long-term infrastructure, which is unique and different from landfill construction investments in the normal course of operations because the Company is investing in long-term infrastructure over an estimated four year period that will not yield a positive economic benefit until 2023 and extending over approximately 20 years; and 3) development of new airspace, permit expansions, and new recycling contracts, equipment added directly as a result of organic business growth and infrastructure added to increase throughput at transfer stations and recycling facilities. *Replacement capital expenditures* are defined as landfill cell construction costs not related to expansion airspace, costs for normal permit renewals, and replacement costs for equipment due to age or obsolescence.

# Reconciliations for 2023 guidance ranges

\$ in 000's

**Following is a reconciliation of the Company's estimated Adjusted EBITDA from estimated Net income for the fiscal year ending December 31, 2023**

<i>\$ in thousands</i>	(Estimated) Fiscal Year Ending December 31, 2023
<b>Net Income</b>	<b>\$56,000 - \$62,000</b>
Interest expense, net	26,000
Other income	(500)
Provision for income taxes	24,500
Southbridge Landfill closure charge	1,000
Depreciation and amortization	141,000
Depletion of landfill operating lease obligations	9,500
Interest accretion on landfill and environmental remediation liabilities	8,500
<b>Adjusted EBITDA</b>	<b><u>\$266,000 - \$272,000</u></b>

(1) We present Adjusted EBITDA, which is a non-GAAP performance measure, to provide an understanding of operational performance because we consider it an important supplemental measure of our performance and believe it is frequently used by securities analysts, investors and other interested parties in the evaluation of our results. We also believe that identifying the impact of certain items as adjustments provides more transparency and comparability across periods. Management uses Adjusted EBITDA to further understand our "core operating performance" and believes our "core operating performance" is helpful in understanding our ongoing performance in the ordinary course of operations. We believe that providing Adjusted EBITDA to investors, in addition to the corresponding income statement measures, affords investors the benefit of viewing our performance using the same financial metrics that the management team uses in making many key decisions and understanding how the core business and our results of operations have performed.

# Reconciliations for 2023 guidance ranges (continued)

\$ in 000's

**Following is a reconciliation of the Company's estimated Adjusted Free Cash Flow from estimated Net cash provided by operating activities for the fiscal year ending 12/31/2023.**

<i>\$ in thousands</i>	(Estimated) Fiscal Year Ending December 31, 2023
<b>Net Cash Provided by Operating Activities</b>	<b>\$227,000 - \$233,000</b>
Capital expenditures	(141,000)
Southbridge Landfill closure and Potsdam environmental remediation (i)	5,000
Post acquisition and development project capital expenditures (ii)	18,000
McKean Landfill rail capital expenditures	10,000
<b>Adjusted Free Cash Flow</b>	<b>\$119,000 - \$125,000</b>

(i) Southbridge Landfill closure and Potsdam environmental remediation are cash outlays associated with the unplanned closure of the Southbridge Landfill and the Company's portion of costs associated with environmental remediation at the Company's Potsdam, New York scrap yard which are added back when calculating Adjusted Free Cash Flow due to their non-recurring nature and the significance of the related cash flows. The Company initiated the unplanned closure of the Southbridge Landfill in the fiscal year ended December 31, 2017 and expects to incur cash outlays through completion of the closure and environmental remediation process. The Potsdam site was deemed a Superfund site in 2000 and is not associated with current operations.

(ii) Post acquisition and development project capital expenditures are (x) acquisition related capital expenditures that are necessary to optimize strategic synergies associated with integrating newly acquired operations as contemplated by the discounted cash flow return analysis conducted by management as part of the acquisition investment decision; and (y) non-routine development investments that are expected to provide long-term returns. Acquisition related capital expenditures include the following costs required to achieve initial operating synergies: trucks, equipment and machinery; and facilities, land, IT infrastructure or related upgrades to integrate operations.

- (1) We present non-GAAP liquidity measures such as Adjusted Free Cash Flow, Bank Consolidated EBITDA, Consolidated Funded Debt, Net and Consolidated Net Leverage Ratio that provide an understanding of the Company's liquidity because we consider them important supplemental measures of our liquidity that are frequently used by securities analysts, investors and other interested parties in the evaluation of our cash flow generation from our core operations that are then available to be deployed for strategic acquisitions, growth, investments, development projects, unusual landfill closures, site improvements and remediation, and strengthening our balance sheet through paying down debt. We also believe that identifying the impact of certain items as adjustments provides more transparency and comparability across periods. Management uses non-GAAP liquidity measures to further understand our cash flow provided by operating activities after certain expenditures along with our consolidated net leverage and believes that these measures demonstrate our ability to execute on our strategic initiatives. We believe that providing such non-GAAP liquidity measures to investors, in addition to corresponding cash flow statement measures, affords investors the benefit of viewing our liquidity using the same financial metrics that the management team uses in making many key decisions and understanding how the core business and cash flow generation has performed.