



WASTE CONNECTIONS  
*Connect with the Future®*

Investor Presentation  
September 2023

# SAFE HARBOR STATEMENT



This document contains forward-looking statements within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995 ("PSLRA"), including "forward-looking information" within the meaning of applicable Canadian securities laws. These forward-looking statements are neither historical facts nor assurances of future performance and reflect Waste Connections' current beliefs and expectations regarding future events and operating performance. These forward-looking statements are often identified by the words "may," "might," "believes," "thinks," "expects," "estimate," "continue," "intends" or other words of similar meaning. All of the forward-looking statements included in this presentation are made pursuant to the safe harbor provisions of the PSLRA and applicable securities laws in Canada. Forward-looking statements involve risks and uncertainties. Forward-looking statements in this presentation include, but are not limited to, statements about expected 2023 and 2024 financial results, outlook and related assumptions, potential growth and margin expansion, potential acquisition activity, return of capital to shareholders, the timing and amount of investments and the ability to meet or exceed long-term, aspirational sustainability targets. Important factors that could cause actual results to differ, possibly materially, from those indicated by the forward-looking statements include, but are not limited to, risk factors detailed from time to time in the Company's filings with the SEC and the securities commissions or similar regulatory authorities in Canada. You should not place undue reliance on forward-looking statements, which speak only as of the date of this presentation. Waste Connections undertakes no obligation to update the forward-looking statements set forth in this presentation, whether as a result of new information, future events, or otherwise, unless required by applicable securities laws.

# WASTE CONNECTIONS: INVESTMENT HIGHLIGHTS



Third largest solid waste company in North America



Differentiated strategy focused on exclusive and secondary markets



Industry-leading adjusted EBITDA margins, free cash flow conversion and safety performance



Well-positioned for strategic growth opportunities in active M&A environment



Track record of outperformance in total shareholder return



Demonstrated progress towards achievement of aspirational ESG targets driving value creation

# WASTE CONNECTIONS: AT A GLANCE



~ 23,000 employees

~\$8.025 billion revenue\*

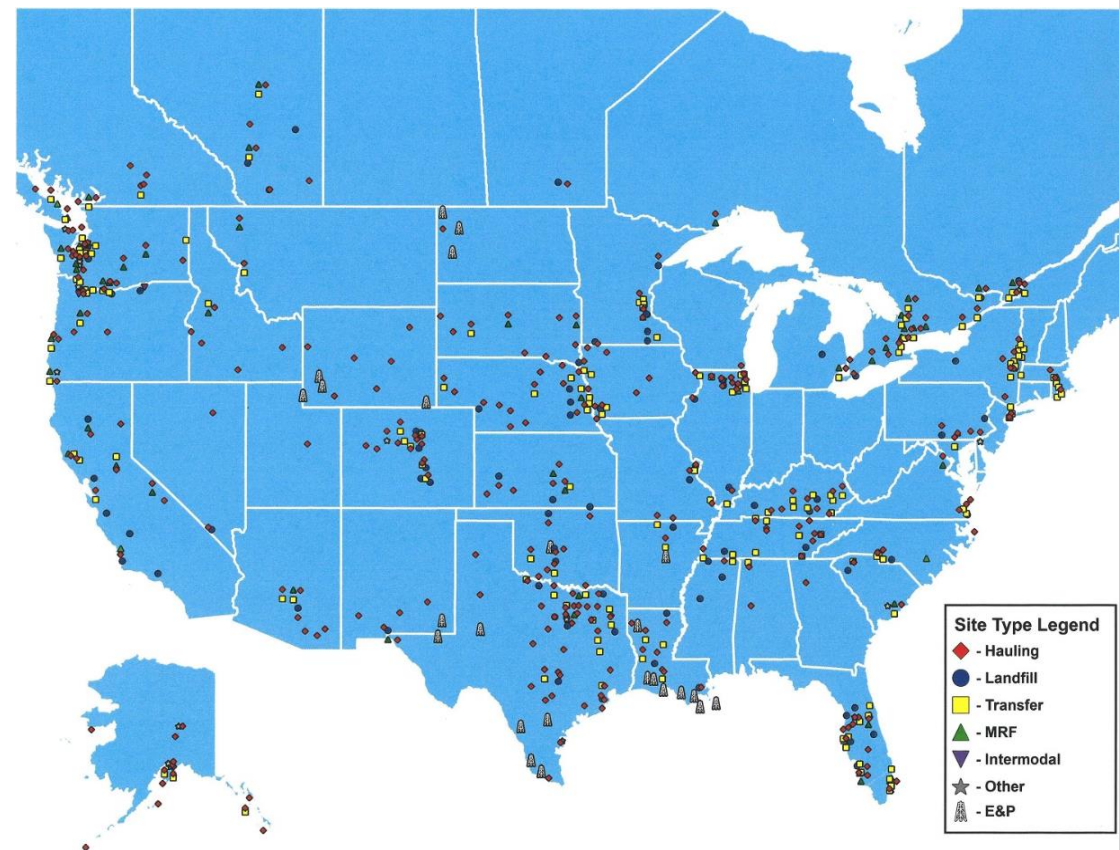
~\$2.525 billion adjusted EBITDA\*

~\$1.225 billion adjusted free cash flow\*

~\$17 billion assets

~\$40 billion enterprise value

Revenues: 87% U.S. and 13% Canada



Footprint across 44 U.S. states and 6 Canadian provinces





# OUR DIFFERENTIATED VIEW ON SOLID WASTE



## Solid waste is a commodity

- Lowest price provider wins
- Customer has basic level of service expectations
- Private companies can dictate pricing in competitive markets

## Returns are driven by:

- Market selection
- Asset and contractual positioning
- Local execution

## Culture Matters

- Culture is either accidental or intentional
- Servant Leadership: holding leaders accountable to those they serve
- Engagement drives Relationships / Relationships = Results
- Winning at Human Capital drives superior long term performance

Value creation is linked to **FREE CASH FLOW** per share growth

# TARGETING ATTRACTIVE MARKETS



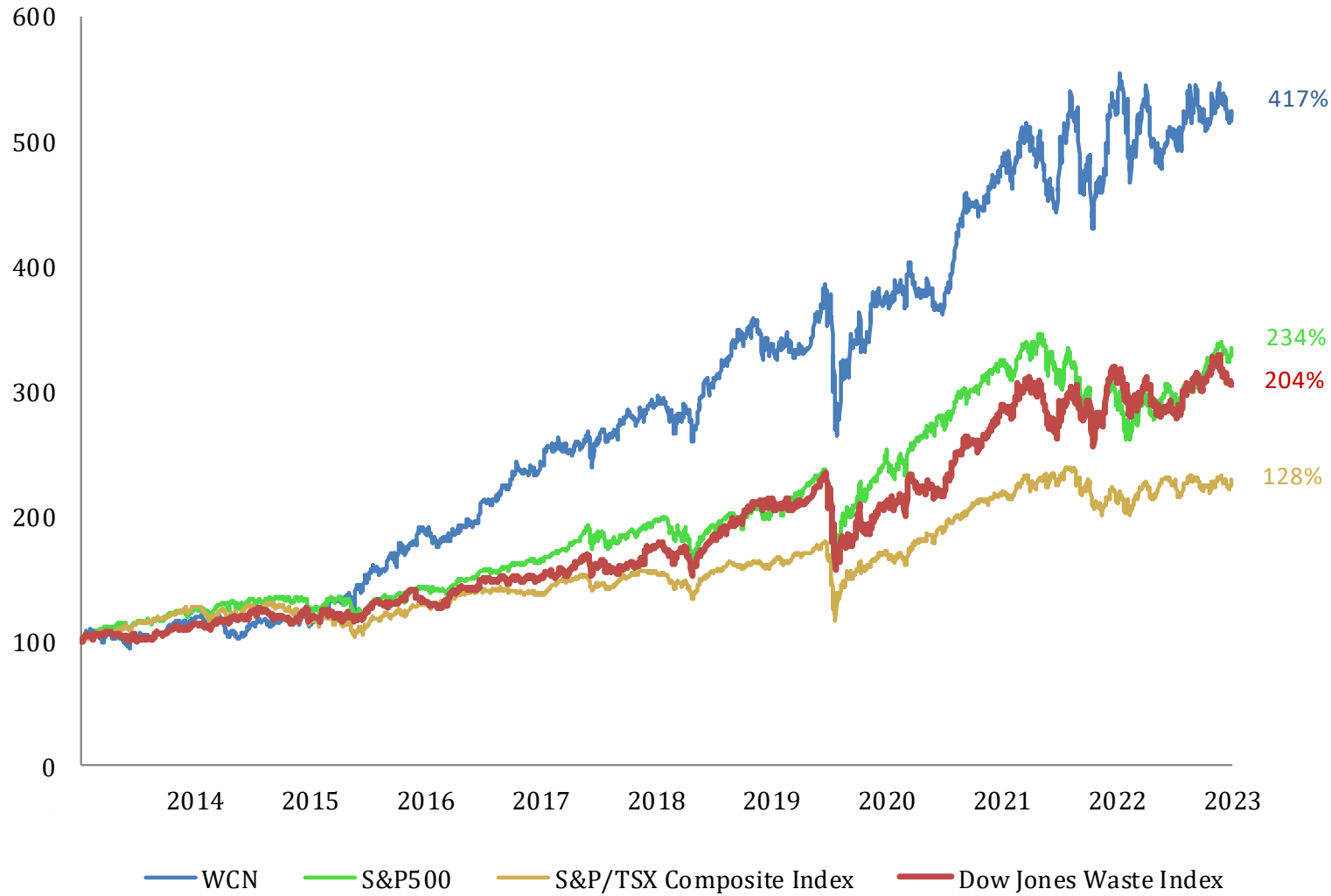
## Market Selection Strategy

- Purposeful market selection strategy since inception
- Current mix:
  - ~40% exclusive / franchise markets
  - ~60% competitive markets, primarily secondary or rural, with high market share
- Integrated operations include disposal
  - Exclusive markets - landfill ownership not critical
  - Competitive markets more likely integrated; may be attractive if disposal neutral

	Integrated Operations	Non-Integrated Operations
Exclusive Markets	#1 EBITDA Margin #1 EBIT Margin #1 FCF Margin #1 ROA	#3 EBITDA Margin #2 (tie) EBIT Margin #2 FCF Margin #2 ROA
Competitive Markets	#2 EBITDA Margin #2 (tie) EBIT Margin #3 FCF Margin #3 ROA	#4 EBITDA Margin #4 (tie) EBIT Margin #4 FCF Margin #4 ROA

Attractive if High Market Share & Disposal Neutral

# 10-YEAR TOTAL SHAREHOLDER RETURN (TSR)



## Differentiated Returns

417% 10-Year TSR

~2.0x the returns of  
the **DJ Waste Index**

~1.8x the returns of  
the **S&P500**

~3.3x the returns of  
the **TSX60**

# SUSTAINABILITY: UPDATE



## ESG efforts consistent with long-term value creation

- Long-term aspirational targets established in 2020 and expanded in 2022
  - \$500mm capital commitment
  - Incentive compensation linkage
- Multi-year track record of progress towards targets
- Growing pipeline of renewable natural gas (RNG) projects

## 2022 Sustainability Report

- Net Carbon Benefit => already beyond Net Zero, with operational offsets exceeding emissions by 3.4x
- Details provided at hub => Waste Connections Sustainability
  - Achieved absolute reduction in emissions and two-year reduction in emissions intensity of 18%
  - Expanded disclosure including Task Force on Climate-Related Financial Disclosures (TCFD) and Environmental Justice (EJ) and established emissions reduction targets

## 15-Year ESG Targets



EMISSIONS

15% ↓

Reduction in Scope 1 and 2 emissions



Continuous improvement in emissions intensity



RECYCLING

50% ↑

Increase resources recovered by at least 50%



INCIDENT RATE

25% ↓

Reduction in Incident Rate



BIOGAS RECOVERY

40% ↑

Increase biogas recovery by at least 40%



VOLUNTARY TURNOVER



Continuous improvement in Voluntary Turnover scores



LEACHATE

50% ↑

Process at least 50% of Leachate on-site



SERVANT LEADERSHIP



Continuous improvement in Servant Leadership scores





# SUSTAINABILITY-LINKED INVESTMENTS



\$200 million investment in RNG facilities => \$200mm Incremental Annual EBITDA by 2026

- Investments in Renewable Natural Gas (RNG) and resource recovery facilities consistent with ESG targets and shareholder value creation objectives
- Expectations for RNG Plants:
  - Long-term => projects at ~15-20 landfills including:
    - Near-term (2-4 years): ~12 projects in development
  - Combination of new facilities and conversion of electrical generating facilities
  - Equity structure => mixture of partnerships (~2/3) and WCN ownership (~1/3)
  - On track for ~\$200mm investment for comparable annual EBITDA by 2026
  - Upside potential from Inflation Reduction Act
- Additionally, two recycling facilities under construction => on line by 2024
  - Benefits from enhanced optical sorters and robotics => labor savings and improved output quality



# TECHNOLOGY AND SUSTAINABILITY INITIATIVES



## Environmental-focused Technology

- Robotics at recycling facilities
- Self-contained, on-site landfill leachate treatment
- Evaluating electric vehicles (EV)

## Employee-focused Technology

- Safety
  - AI-driven “next-generation” truck camera systems
  - Enhanced safety features in fleet design
- Employee Engagement
  - Company-wide connectivity
  - Learning Management System (LMS) for training & development

## ENVIRONMENTAL

ROBOTICS



EVAPORATORS



ELECTRIC VEHICLES

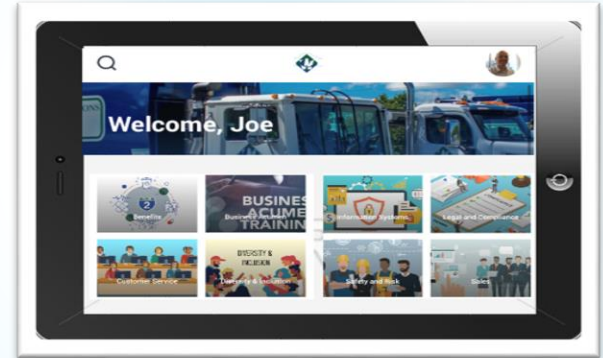


## SOCIAL

CONNECTIVITY



EMPLOYEE DEVELOPMENT



CAMERA TELEMATICS





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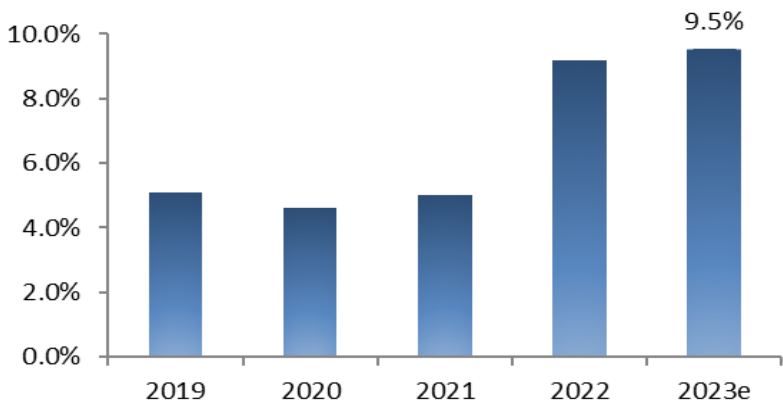
# FINANCIAL DISCUSSION

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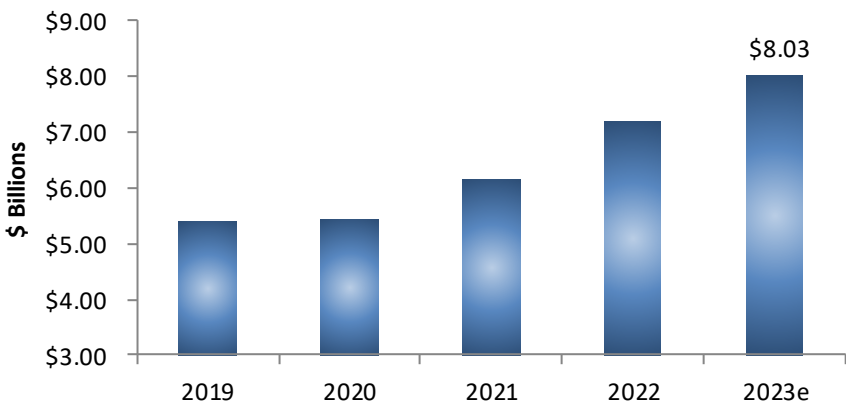
# WCN: FINANCIAL HIGHLIGHTS



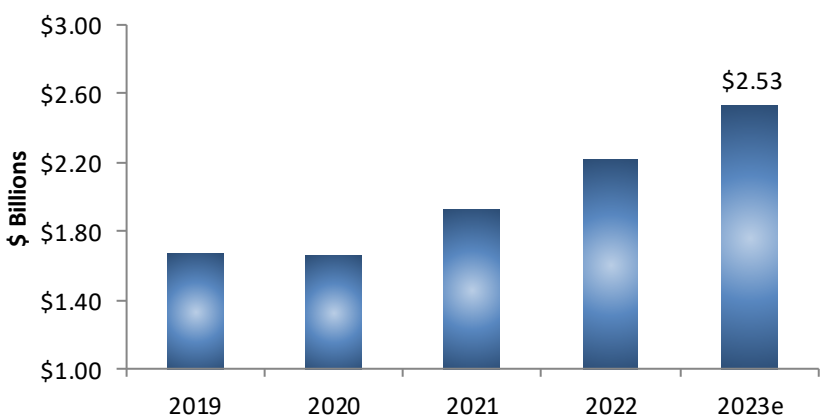
Core Price\*



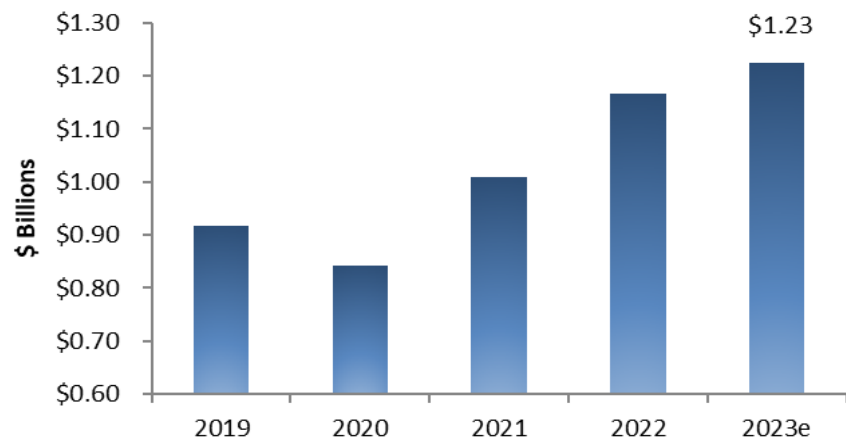
Revenue



Adjusted EBITDA \*\*



Adjusted Free Cash Flow \*\*



\*Excludes surcharges.  
\*\*A non-GAAP measure; see appendix for reconciliation tables;  
2023e based on August 2023 outlook.

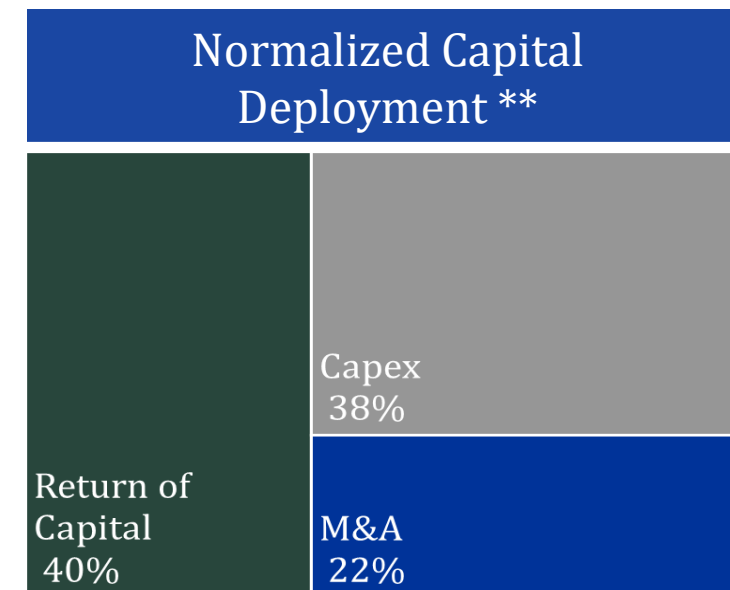


# CAPITAL ALLOCATION

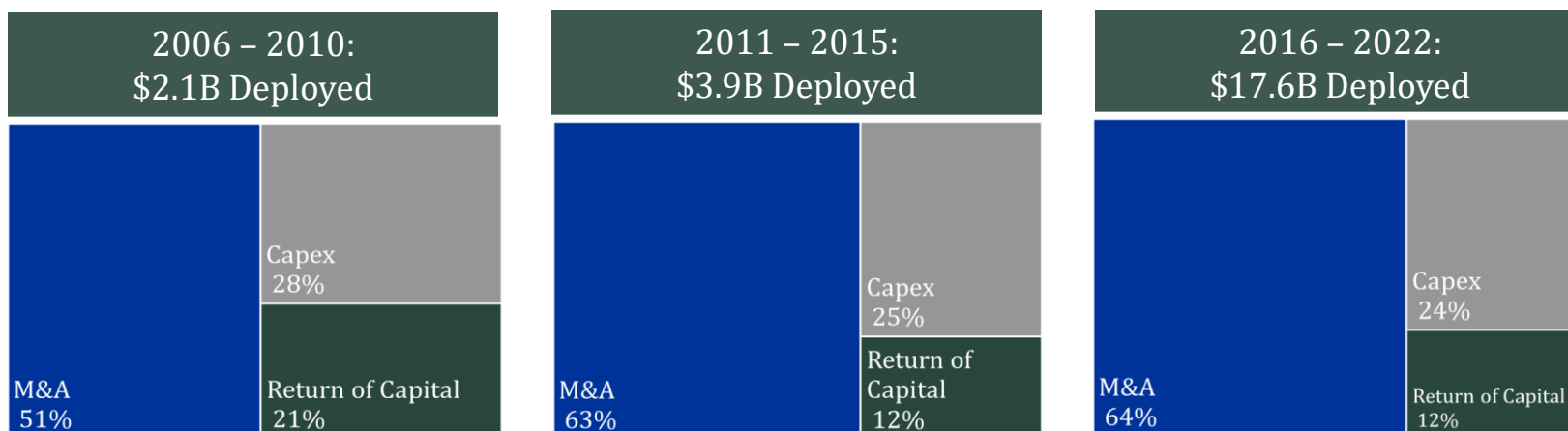


Robust Free Cash Flow and low leverage provide flexibility for continued M&A and increased return of capital

- Leverage of ~2.75 times debt to EBITDA\*
- M&A: market-driven strategy with cash returns focus
  - Recent period of outsized activity
- Return of Capital
  - Dividend => ~15% CAGR since initiation in 2010
  - Opportunistic approach to share repurchases
- Over \$1B in prepayable debt => optionality in higher interest rate environment



- Acquisitions of ~\$150mm annualized revenue expected in average year
- Expected higher value creation per capital dollar deployed in more normalized environment



\*Compliance debt divided by compliance EBITDA.

\*\*Potential normalized capital deployment based on typical expected level of acquisition activity.



# FULL YEAR 2022 HIGHLIGHTS



## Financial Metrics \*

- Revenue: \$7.212 billion, up \$1,060mm or 17.2% YoY
  - Solid waste price +9.2%
- Adjusted EBITDA: \$2.221 billion
  - Up \$301mm, or 15.7% YoY
- Adj EBITDA margin of 30.8%
  - Up YoY excluding impact of acquisitions
- Adjusted Free Cash Flow: \$1.165 billion, or 16.2% of revenue

## Other Observations

- Deployed >\$2.3 billion for solid waste acquisitions with ~ \$640mm of annualized revenue
- Increased return of capital to shareholders by 20% YoY to \$668mm between opportunistic buybacks and dividends
- Leverage of ~2.9x in spite of deploying ~\$3.9 billion toward growth and return of capital

\*see appendix for non-GAAP reconciliation tables.

\*\*Compliance debt, net of cash, divided by compliance EBITDA.

# 1H 2023 HIGHLIGHTS



## Financial Metrics \*

- Revenue: \$3.922 billion, up \$459mm or 13.3% YoY
  - Solid waste price + 10.3%
- Adjusted EBITDA: \$1.196 billion, up 11.9% YoY
- Adjusted EBITDA margin of 30.5%
  - Up ~80bps YoY excluding 120bps impact from lower values for recycling and renewable gas
- Adjusted Free Cash Flow (FCF): \$630mm
  - 16.1% of revenue
  - Reflects ~53% conversion of adjusted EBITDA to adjusted FCF

## Other Observations

- Completed acquisitions of over \$160mm of annualized revenues YTD, plus robust pipeline
  - Includes Arrowhead Environmental, a ~\$100mm integrated waste-to-rail operation in Eastern U.S.
- Increased full year 2023 EBITDA outlook by \$25mm and 40bps
  - Adj. EBITDA => \$2.525 billion
    - Adj. EBITDA margin => 31.5%, up 70bps YoY
  - Implies 2H '23 adj. EBITDA margins of ~32.5%
    - Strong jumping off point for 2024
  - Upside to guidance from moderation in inflation, increases in recovered commodity values, improvement in E&P waste activity or additional acquisitions

\*see appendix for non-GAAP reconciliation tables.

\*\*Compliance debt, net of cash, divided by compliance EBITDA.

# WASTE CONNECTIONS: IN SUMMARY



**Performance:** Differentiated market model driving industry-leading EBITDA and FCF margins

**ESG:** Integral to our business and consistent with objective to drive value creation

**Capital deployment:** Track record of value creation

**Culture:** Culture matters and differentiates

**Dividends:** Double-digit dividend growth since inception

**TSR:** Total shareholder return of >6,000% from IPO in 1998 through YTD 2023







# NON-GAAP RECONCILIATION TABLES

# NON-GAAP ADJUSTED EBITDA RECONCILIATION SCHEDULE

(in thousands, except share and per share amounts)

						Six months ended June 30	
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023e**</u>	<u>2022</u>	<u>2023</u>
Adjusted EBITDA*							
Net income attributable to Waste Connections	566,841	204,677	618,047	835,662	931,000	404,398	407,021
Plus/(less): Net Inc. (exp.) attributable to noncontrolling interests	(160)	(685)	442	339	200	177	(15)
Plus: Income tax provision	139,210	49,922	152,253	212,962	278,637	107,146	122,940
Plus: Interest Expense	147,368	162,375	162,796	202,331	265,000	86,404	135,898
Less: Interest Income	(9,777)	(5,253)	(2,916)	(5,950)	-	(790)	(4,053)
Plus: Depreciation and Amortization	743,918	752,404	813,009	918,960	1,003,000	443,985	495,715
Plus: Closure and post-closure accretion	14,471	15,095	14,497	16,253	18,000	8,087	9,087
Plus: Loss on early extinguishment of debt	-	-	115,288	-	-	-	-
Plus: Impairments and other operating items	61,948	466,718	32,316	18,230	12,724	6,028	12,724
(Less)/plus: Other expense (income), net	(5,704)	1,392	(6,285)	(3,154)	(2,974)	6,114	(2,974)
Adjustments:							
Plus: Transaction-related expenses	12,335	9,803	11,318	24,933	3,905	8,232	3,905
Plus: Fair value changes to equity awards	3,104	5,536	8,393	86	445	(847)	445
Plus: Executive separation costs	-	-	-	-	15,063	-	15,063
Adjusted EBITDA*	1,673,554	1,661,984	1,919,158	2,220,652	2,525,000	1,068,934	1,195,756
<b>Revenues</b>	5,388,679	5,445,990	6,151,361	7,211,859	8,025,000	3,462,690	3,921,598
Adjusted EBITDA* as % of Revenues	31.1%	30.5%	31.2%	30.8%	31.5%	30.9%	30.5%

\*Adjusted EBITDA, a non-GAAP financial measure, is provided supplementally because it is widely used by investors as a performance and valuation measure in the solid waste industry. Other companies may calculate differently.

\*\*2023e based on August 2023 outlook.



# NON-GAAP ADJUSTED FREE CASH FLOW RECONCILIATION SCHEDULE

(in thousands, except share and per share amounts)

						Six months ended June 30	
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023**</u>	<u>2022</u>	<u>2023</u>
Adjusted Free Cash Flow*							
Net cash provided by operating activities	1,540,547	1,408,521	1,698,229	2,022,492	2,141,433	973,678	1,016,712
Plus/(less): Change in book overdraft	(2,564)	1,096	(367)	(1,076)	(234)	(54)	(234)
Plus: Proceeds from disposal of assets	3,566	19,084	42,768	30,676	30,000	16,894	3,819
(Less): Capital Expenditures for Property & Equipment	(634,406)	(597,053)	(744,315)	(912,677)	(950,000)	(371,428)	(394,143)
(Less): Distributions to noncontrolling interests	(570)	-	-	-	-	-	-
Adjustments:							
Payment of contingent consideration recorded in earnings	-	10,371	520	2,982	-	-	-
Cash received for divestitures	(2,376)	(10,673)	(17,118)	(5,671)	-	(5,671)	-
Transaction-related expenses	12,335	9,803	30,771	30,825	2,264	27,096	2,264
Integration-related and other expenses	-	-	-	-	-	-	-
Pre-existing Progressive Waste share-based grants	4,810	5,770	397	286	841	12	841
Executive separation costs	-	-	-	-	1,686	-	1,686
Tax Effect	(4,565)	(5,021)	(1,287)	(2,993)	(990)	(2,165)	(990)
Adjusted Free Cash Flow*	916,777	841,898	1,009,598	1,164,844	1,225,000	638,362	629,955
<b>Revenues</b>	5,388,679	5,445,990	6,151,361	7,211,859	8,025,000	3,462,690	3,921,598
Adjusted EBITDA *	1,673,554	1,661,984	1,919,158	2,220,652	2,525,000	1,068,934	1,195,756
Adjusted Free Cash Flow* as % of Adjusted EBITDA*	54.8%	50.7%	52.6%	52.5%	48.5%	59.7%	52.7%

\*Adjusted free cash flow, free cash flow as % of revenue and adjusted EBITDA, non-GAAP financial measures, are provided supplementally because they are widely used by investors as valuation and liquidity measures. Other companies may calculate these metrics differently.

\*\*2023e is based on August 2023 outlook.



# WASTE CONNECTIONS

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## **PRINCIPAL ADMINISTRATIVE OFFICES**

3 Waterway Square Place, Suite 110  
The Woodlands, TX 77380  
(832) 442-2200

## **INVESTOR RELATIONS**

Mary Anne Whitney, EVP - CFO  
Phone: (832) 442-2253  
maryannew@wasteconnections.com

Joe Box, Vice President – Investor Relations  
Phone: (832) 442-2153  
joe.box@wasteconnections.com

<https://investors.wasteconnections.com/>