



WASTE CONNECTIONS, INC.
Connect with the Future®

Raymond James Institutional Investor Conference
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This presentation contains forward-looking statements within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995 (PSLRA) and "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," "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 Canadian securities laws. Forward-looking statements involve risks and uncertainties. Forward-looking statements in this presentation include, but are not limited to, statements about our financial outlook, return of capital to shareholders, expected benefits of the divestiture program, potential acquisition opportunities and a potential dividend increase. Important factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, risk factors detailed from time to time in filings that have been made by the Company with the U.S. Securities and Exchange Commission 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.

WCN: INVESTMENT HIGHLIGHTS



- Third largest solid waste company in North America
 - ▶ ~\$22 billion enterprise value; ~\$12 billion assets; 15,000 employees

- Differentiated strategy...Differentiated results
 - ▶ Only company focused on secondary and exclusive markets
 - ▶ Sector-leading EBITDA and free cash flow margins
 - ▶ Sector-leading conversion of EBITDA to free cash flow

- Well positioned for additional strategic growth opportunities
 - ▶ Very active current M&A environment

- Proven management team creating substantial stockholder value
 - ▶ ~2x the average shareholder return of WM and RSG, over 3x the return of the S&P 500 and over 7.5x the return of the TSX60 over the past decade
 - ▶ 2017 was our 14th consecutive year of positive shareholder returns

- Increasing return of capital to shareholders
 - ▶ Annual double digit percentage dividend increases plus opportunistic share repurchases

KEYS TO SUCCESS...WHAT WE BELIEVE



- Solid waste is a commodity business
 - ▶ Lowest price provider wins
 - ▶ Basic level of service expectation by customers
 - ▶ Private companies in competitive markets often dictate collection margins

- Success is driven by:
 - ▶ Market selection => determines sustainability and direction of returns
 - ▶ Asset and contractual positioning => creates moat for pricing growth/retention
 - ▶ Execution at the local level

- Free cash flow drives value creation

- The company that wins with Human Capital, delivers over the long term

- Culture Matters



TARGETING ATTRACTIVE MARKETS

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 EBIT margin
#4 FCF margin
#4 ROA

**Attractive if
High Mkt Share
& Disposal Neutral**

Note: Rankings reflect relative attractiveness to WCN



OUR DIFFERENTIATED STRATEGY

- Exclusive solid waste markets
 - ▶ Vertically integrated, or
 - ▶ Non-integrated

- Competitive solid waste markets
 - ▶ Secondary markets with
 - ▶ High collection market share and
 - ▶ Vertically integrated or disposal neutral

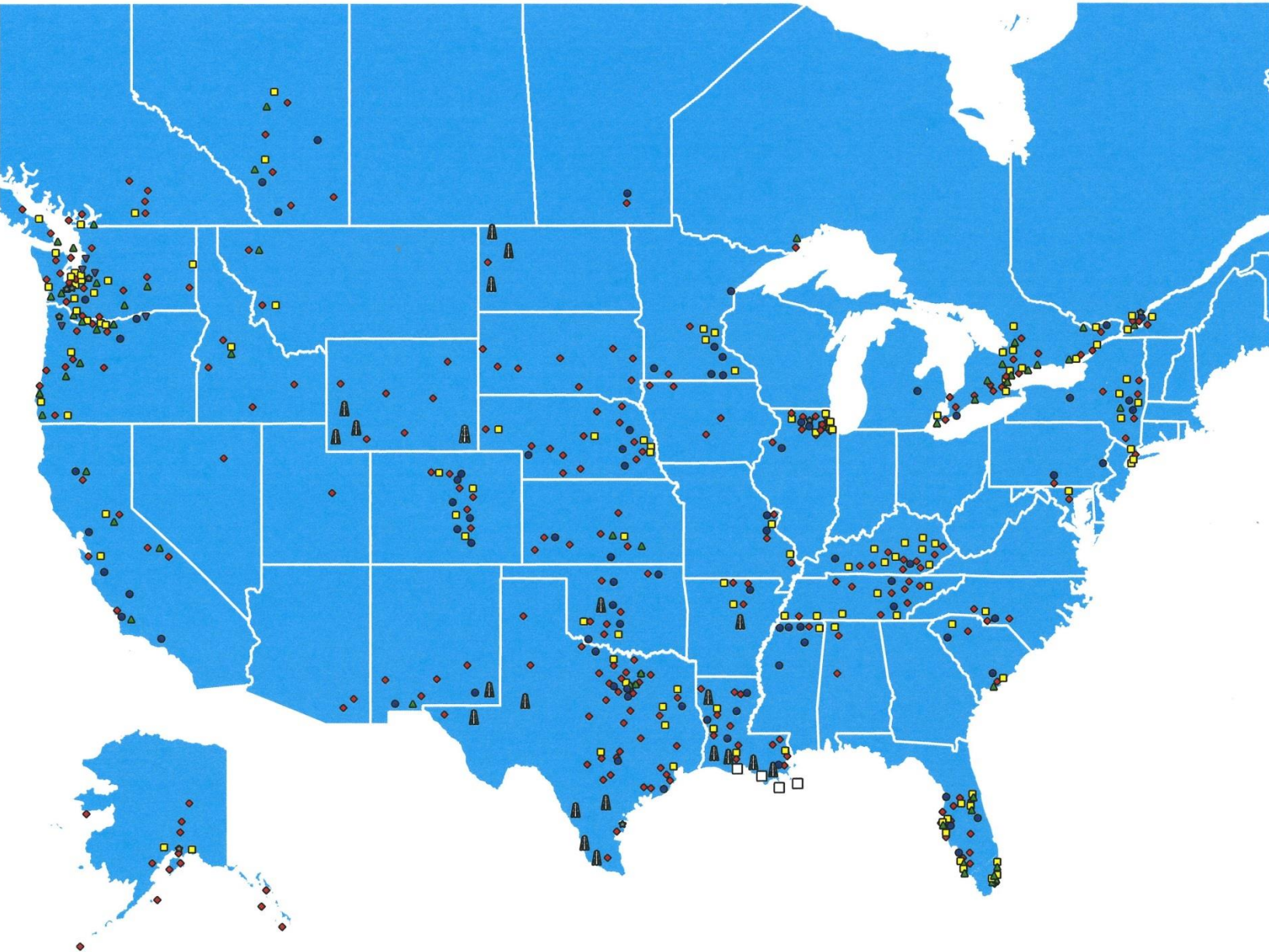
- Niche opportunities
 - ▶ E&P waste => disposal-oriented business; well-positioned assets in active oil/gas basins
 - ▶ Strategic approach to segments of urban markets => drive results in line with secondary markets



STRATEGIC IMPLICATIONS

- Consistent pricing
- Lower customer churn rates
 - ▶ Comparably better core price + volume growth
- Higher EBITDA and EBIT margins
 - ▶ Strong conversion of EBITDA to free cash flow
- Attractive returns on invested capital
- Our success: not dependent on behavior or execution of other national players
- Our strategy: resilient in a weak economy; levered to improving economy

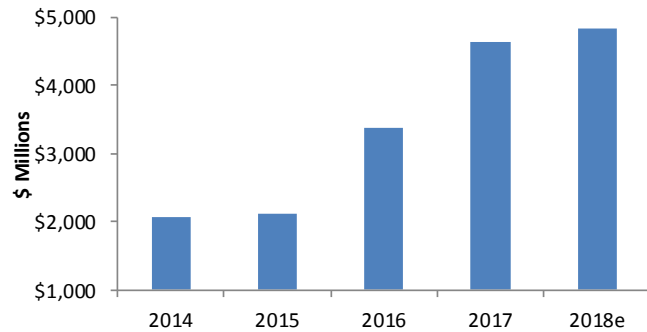
CURRENT FOOTPRINT: 85% US & 15% CANADA



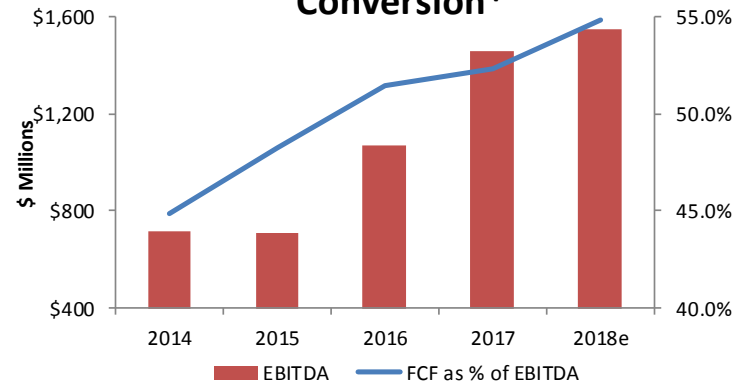
WCN: FINANCIAL HIGHLIGHTS



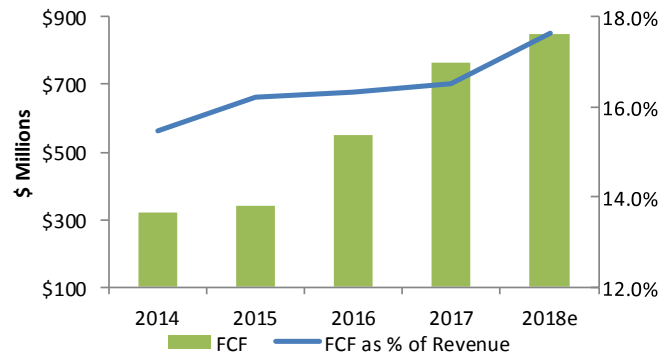
Revenue



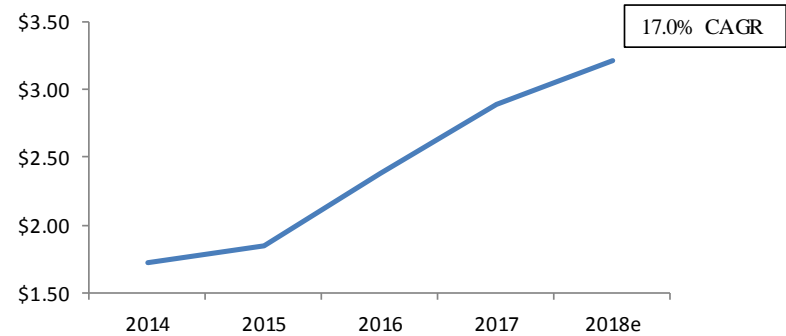
Adjusted EBITDA and EBITDA - FCF Conversion*



Adjusted Free Cash Flow*



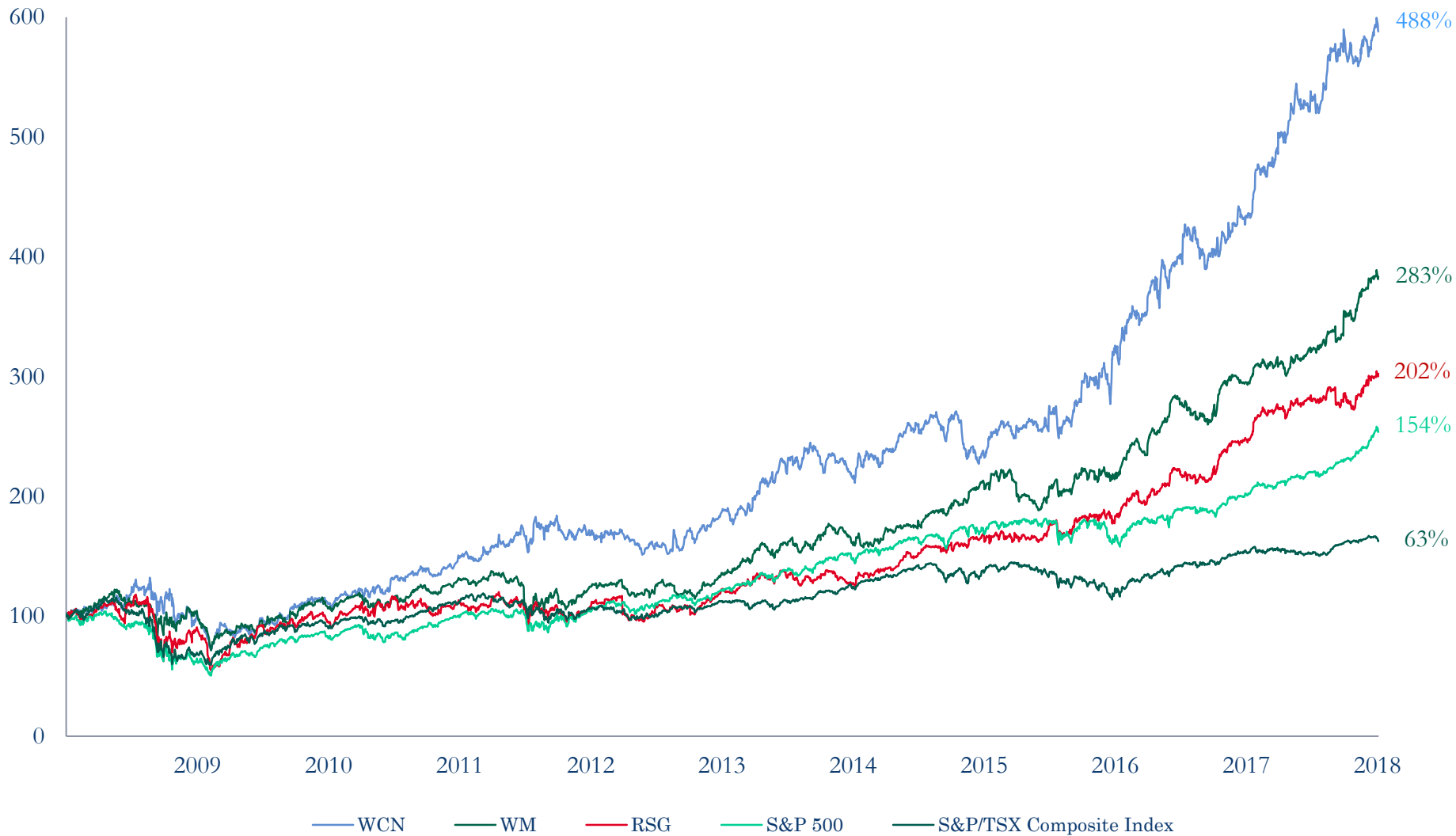
Adjusted FCF/Share*



2018e based on February 2018 outlook

* A Non-GAAP measure; see appendix for reconciliation tables.

WCN: 10-YEAR OUTPERFORMANCE



as of 1/31/18



FINANCIAL DISCUSSION





2018 OUTLOOK (as of February 14th)

- Revenue: \$4.825 billion
 - ▶ Excludes acquisitions not yet closed and any recovery in recycled commodities
- Solid waste price + volume growth:
 - ▶ Price: 3.5%, up 30 bps YoY
 - ▶ Volume: flat to +0.5% => Full year impact of purposeful shedding of volumes
- Double digit increase in E&P waste activity based on 2H '17 run-rate
- Assumes continuing weakness in recycled commodity values
 - ▶ Revenue down \$45 million, or 30%, YoY
 - ▶ EBITDA down \$30 million - \$35 million YoY
 - ▶ Potentially offset by higher pricing growth and E&P waste activity
- Adjusted EBITDA: \$1.55 billion, or 32.1% of revenue
 - ▶ Up 60 bps YoY, in spite of recycled commodity value weakness
- Adjusted Free Cash Flow: \$850 million, up 11.3% YoY
 - ▶ 17.6% of revenue and almost 55% of EBITDA

CURRENT ENVIRONMENT



- Solid waste price increases playing out as expected
 - ▶ CPI increases up ~50 bps YoY
 - ▶ High retention rates in competitive markets

- Continued deterioration in fiber prices on reduced demand from China
 - ▶ OCC down ~\$30 per ton in February
 - ▶ Difficult to move mixed paper in some markets

- E&P waste disposal activity consistent with expectations

- On track for another above average year of acquisition activity
 - ▶ Already closed \$70 million annualized revenue, including Bay Disposal
 - ◆ ~\$50 million integrated collection/transfer/recycling/disposal in VA/NC
 - ▶ On track for additional \$50 million - \$100 million acquired revenue by Q2
 - ◆ ~\$40 million revenue integrated new market acquisition signed in February

FREE CASH FLOW BRIDGE: 2017 – 2018e



(\$000s)	<u>2017</u>	<u>2018e</u>	<u>YoY</u>
Adjusted EBITDA*	\$1,460,525	\$1,550,000	\$89,475
Plus/(Less):			
Cash Interest	(115,645)	(120,400)	(4,755)
Cash Taxes	(155,532)	(120,532)	35,000
Capital Expenditures	(479,287)	(500,000)	(20,713)
Asset Sale Proceeds	28,432	-	(28,432)
Cash received for divestitures	(21,100)	-	21,100
PWS Synergy Bonus, tax effected	7,297	-	(7,297)
Equity Compensation	26,232	33,300	7,068
Working Capital/Other	<u>12,969</u>	<u>7,632</u>	<u>(5,337)</u>
Adjusted Free Cash Flow	<u>\$ 763,891</u>	<u>\$ 850,000</u>	<u>\$86,109</u>
Adjusted FCF as % of Revenue	16.5%	17.6%	112 bps
Adjusted FCF as % of adjusted EBITDA*	52.3%	54.8%	254 bps

- Expected free cash flow growth in 2018 excludes any benefit from:
 - ▶ ~\$70 million cash tax overpayment position as of December 2017
 - ▶ Contribution from additional acquisitions closed during the year

2018e reflects February 2018 outlook

* A Non-GAAP measure; see appendix for reconciliation table.

RETURN OF CAPITAL



- Strong free cash flow generation => tremendous capacity for continued above average acquisition activity and increased return of capital
- YE '17 leverage ratio ~2.5x Debt/EBITDA, plus over \$430 million excess cash
 - ▶ Below our targeted 2.7x-3.0x leverage ratio
 - ▶ Cash-funded acquisition activity drives further de-leveraging
- Increased quarterly cash dividend by 16.7% in October 2017
 - ▶ Our seventh consecutive double-digit percentage increase since commencing the dividend in 2010
 - ▶ Dividend still consumes less than 20% of FCF given strong FCF CAGR
- Authorized annual share repurchase of up to 5% of outstanding shares
 - ▶ Not in market since 2015 given outsized acquisition activity
 - ▶ Expect to resume share repurchases in 2018, targeting between \$250 million and \$400 million per year



NON-GAAP RECONCILIATION SCHEDULES

NON-GAAP RECONCILIATION SCHEDULE

(in thousands, except share and per share amounts)

Adjusted EBITDA*	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018e**</u>
Net income (loss) attributable to Waste Connections	232,525	(95,764)	246,540	576,817	570,000
Plus: Net income attributable to noncontrolling interests	802	1,070	781	603	1,000
Plus/less: Income tax provision (benefit)	152,335	(31,592)	114,044	(68,910)	171,000
Plus: Interest Expense	64,674	64,236	92,709	125,297	125,000
Less: Interest income			(602)	(5,173)	
Plus: Depreciation and Amortization	257,944	269,434	463,912	632,484	671,000
Plus: Closure and post-closure accretion	3,627	3,978	8,936	11,781	12,000
Plus: Impairments and other operating items	4,091	494,492	27,678	156,493	
Less/plus: Other expense (income), net	(1,067)	518	(53)	(3,736)	
Plus/Less: Foreign currency transaction loss (gain)			(1,121)	2,200	
Adjustments:					
Plus: Transaction-related expenses	2,147	4,235	47,842	5,700	
Plus: Pre-existing Progressive Waste share-based grants			14,289	16,357	
Plus: Integration-related and other expenses			44,336	10,612	
Plus: Synergy bonus			11,798		
Adjusted EBITDA*	<u>717,078</u>	<u>710,607</u>	<u>1,071,089</u>	<u>1,460,525</u>	<u>1,550,000</u>
Revenues	2,079,166	2,117,287	3,375,863	4,630,488	4,825,000
Adjusted EBITDA* as % of Revenues	34.5%	33.6%	31.7%	31.5%	32.1%

* 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.

**2018e based on February 2018 guidance.

NON-GAAP RECONCILIATION SCHEDULE
(in thousands, except share and per share amounts)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018**</u>
Adjusted Free Cash Flow*					
Net cash provided by operating activities	545,077	576,999	795,312	1,187,260	1,350,000
Plus/Less: Change in book overdraft	(11)	(89)	(1,305)	8,241	
Plus: Proceeds from disposal of assets	9,421	2,883	4,604	28,432	
Plus: Excess tax benefit associated with equity-based compensation	7,518	2,069	5,196		
Less: Capital Expenditures	(241,277)	(238,833)	(344,723)	(479,287)	(500,000)
Less: Distributions to noncontrolling interests	(371)	(42)	(3)		
Adjustments:					
Payment of contingent consideration recorded in earnings	1,074		493	10,012	
Cash received for divestitures				(21,100)	
Transaction-related expenses			45,228	5,700	
Integration-related and other expenses			82,526	10,602	
Pre-existing Progressive Waste share-based grants				17,037	
Synergy Bonus				11,798	
Tax effect			(36,384)	(14,804)	
Adjusted Free Cash Flow*	<u>321,431</u>	<u>342,987</u>	<u>550,944</u>	<u>763,891</u>	<u>850,000</u>
Revenues	2,079,166	2,117,287	3,375,863	4,630,488	4,825,000
Adjusted EBITDA*	717,078	710,607	1,071,089	1,460,525	1,460,525
Adjusted Free Cash Flow* as a % of Revenues	15.5%	16.2%	16.3%	16.5%	17.6%
Adjusted Free Cash Flow* as a % of Adjusted EBITDA*	44.8%	48.3%	51.4%	52.3%	58.2%
Diluted shares outstanding	187,181,132	185,807,454	231,081,497	264,302,411	264,500,000
Adjusted Free Cash Flow* Per Share	\$ 1.72	\$ 1.85	\$ 2.38	\$ 2.89	\$ 3.21

*Adjusted free cash flow, free cash flow as a % of revenue, free cash flow per share 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.

**2018e based on February 2018 guidance.



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