Second Quarter 2021

(1)

Waste Connections Reports Second Quarter 2021 Results And Raises Full Year Outlook

- **Continued momentum from higher solid waste pricing and volumes, along with tailwinds from higher recovered commodity values, drive outsized results and increased full year outlook**
- **Revenue of $1.534 billion, up 17.5% year over year**
- **Reports 11.4% solid waste price + volume growth, exceeding outlook**
- **Net income[(a)] of $177.0 million, and adjusted EBITDA[(b)] of $484.9 million, or 31.6% of revenue, exceeding outlook and up 140 basis points year over year**
- **Net income and adjusted net income [(b)] of $0.68 and $0.81 per share, respectively**
- **Year to date net cash provided by operating activities of $848.5 million and adjusted free cash flow[(b)] of $585.8 million, or 20.0% of revenue and up 18.5% year over year**
- **Provides full year 2021 outlook for revenue of approximately $5.975 billion, net income of approximately $690 million, adjusted EBITDA[(b)] of approximately $1.875 billion, net cash provided by operating activities of approximately $1.666 billion, and adjusted free cash flow[(b)] of approximately $1 billion**

TORONTO, Aug. 4, 2021 /PRNewswire/ -- Waste Connections, Inc. (TSX/NYSE: WCN) ("Waste Connections" or the "Company") today announced its results for the second quarter of 2021.

"Broad-based strength drove an across the board beat in the second quarter, positioning us to raise our outlook for the full year. Revenue and adjusted EBITDA[(b)] in Q2 increased 17.5% and 23.0%, respectively, over the prior year primarily as a result of continued improvement in solid waste pricing and volume growth, and strength in recovered commodity values. These trends drove year to date adjusted EBITDA[(b)] margin expansion of 110 basis points and adjusted free cash flow[(b)] of over $585 million, up 18.5% year over year," said Worthing F. Jackman, President and Chief Executive Officer. "Given the strength of our results in the first half of the year and expected continuing momentum and margin expansion from these trends, we believe we are on track to report approximately $5.975 billion of revenue and $1.875 billion of adjusted EBITDA[(b)] in 2021, exceeding our initial outlook provided in February. More importantly, full year adjusted free cash flow[(b)] is also pacing ahead of initial expectations and is now estimated at approximately $1 billion, or 53% of adjusted EBITDA[(b)]."

Mr. Jackman continued, "2021 also has the potential to be another outsized year of acquisition activity. Year to date, we have signed or closed 14 acquisitions with total annualized revenue of approximately $115 million, including $75 million of franchise operations in California, Nevada and Oregon expected to close later this year. We continue to see record amounts of seller interest driving elevated acquisition dialogue and, as communicated throughout the year, expect closings related to most of this activity to be more weighted to the second half of the year. Our recently expanded credit facility and continuing balance sheet strength provide the flexibility to fund outsized acquisition activity along with an increasing return of capital to shareholders."

Q2 2021 Results

Revenue in the second quarter totaled $1.534 billion, up from $1.306 billion in the year ago period. Operating income was $266.8 million, which included $6.4 million in fair value accounting changes to equity awards and $6.1 million of impairments and other operating items. This compares to operating loss of $232.4 million in the second quarter of 2020, which included $437.3 million in impairments primarily related to a decrease in property, plant and equipment at certain E&P waste landfills. Net income in the second quarter was $177.0 million, or $0.68 per share on a diluted basis of 261.4 million shares. In the year ago period, the Company reported net loss of $227.1 million, or $0.86 per share on a diluted basis of 263.0 million shares.

Adjusted net income[(b)] in the second quarter was $210.9 million, or $0.81 per diluted share, versus $158.0 million, or $0.60 per diluted share, in the prior year period. Adjusted EBITDA[(b)] in the second quarter was $484.9 million and 31.6% of revenue, as compared to $394.3 million and 30.2% of revenue in the prior year period. Adjusted net income, adjusted net income per diluted share and adjusted EBITDA, all non-GAAP measures, primarily exclude impairments and acquisition-related items, as reflected in the detailed reconciliations in the attached tables.

Six Months Year to Date Results

For the six months ended June 30, 2021, revenue was $2.930 billion, up from $2.658 billion in the year ago period. Operating income, which included $7.3 million primarily related to fair value accounting changes to equity awards and $6.7 million in impairments and other operating items, was $505.2 million, as compared to operating loss of $15.4 million for the same period in 2020, which included $445.2 million primarily related to impairments and other operating items.

Net income for the six months ended June 30, 2021 was $337.4 million, or $1.29 per share on a diluted basis of 262.3 million shares. In the year ago period, the Company reported net loss of $84.0 million, or $0.32 per share on a diluted basis of 263.4 million shares.

Adjusted net income[(b)] for the six months ended June 30, 2021 was $396.3 million, or $1.51 per diluted share, compared to $328.5 million, or $1.25 per diluted share, in the year ago period. Adjusted EBITDA[(b)] for the six months ended June 30, 2021 was $918.1 million and 31.3% of revenue, up from $802.8 million and 30.2% in the prior year period.

Updated 2021 Outlook

Waste Connections also updated its outlook for 2021, which assumes no change in the current economic environment or underlying economic trends, including as a result of or related to impacts from the COVID-19 pandemic or the Delta variant of the coronavirus. The Company's outlook excludes any impact from additional acquisitions that may close during the year, and expensing of transaction-related items. The outlook provided below is forward looking, and actual results may differ materially depending on risks and uncertainties detailed at the end of this release and in our periodic filings with the U.S. Securities and Exchange Commission and the securities commissions or similar regulatory authorities in Canada. Certain components of the outlook for 2021 are subject to quarterly fluctuations. See reconciliations in the attached tables.

- Revenue is estimated to be approximately $5.975 billion, as compared to our original revenue outlook of approximately $5.800 billion.
- Net income is estimated to be approximately $690 million, and adjusted EBITDA[(b)] is estimated to be approximately $1.875 billion, or about 31.4% of revenue, as compared to our original adjusted EBITDA[(b)] outlook of $1.800 billion or 31.0% of revenue.
- Capital expenditures are estimated to be approximately $675 million, as compared to our original capital expenditures outlook of approximately $625 million.
- Net cash provided by operating activities is estimated to be approximately $1.666 billion, as compared to our original outlook of $1.575 billion, and adjusted free cash flow[(b)] is estimated to be approximately $1 billion, or about 16.7% of revenue, as compared to our original adjusted free cash flow[(b)] outlook of approximately $950 million or 16.4% of revenue.

Q2 2021 Earnings Conference Call

Waste Connections will be hosting a conference call related to first quarter earnings on August 5th at 8:30 A.M. Eastern Time. A live audio webcast of the conference call can be accessed by visiting investors.wasteconnections.com and selecting "News & Events" from the website menu. Alternatively, listeners may access the call by dialing 800-908-8370 (within North America) or 312-281-1211 (international) approximately 10 minutes prior to the scheduled start time; a passcode is not required. A replay of the conference call will be available until August 12, 2021, by calling 800-633-8284 (within North America) or 402-977-9140 (international) and entering Passcode #21995717.

Waste Connections will be filing a Form 8-K on EDGAR and on SEDAR (as an "Other" document) prior to

markets opening on August 5th, providing the Company's third quarter 2021 outlook for revenue, price plus volume growth for solid waste, and adjusted EBITDA[(b)].

[(a)] All references to "Net income" refer to the financial statement line item "Net income attributable to Waste Connections".

[(b)] A non-GAAP measure; see accompanying Non-GAAP Reconciliation Schedule.

About Waste Connections

Waste Connections is an integrated solid waste services company that provides non-hazardous waste collection, transfer and disposal services, along with resource recovery primarily through recycling and renewable fuels generation. The Company serves more than seven million residential, commercial and industrial customers in mostly exclusive and secondary markets across 43 states in the U.S. and six provinces in Canada. Waste Connections also provides non-hazardous oilfield waste treatment, recovery and disposal services in several basins across the U.S., as well as intermodal services for the movement of cargo and solid waste containers in the Pacific Northwest. For more information, visit Waste Connections at wasteconnections.com.

Environmental, Social and Governance

Waste Connections views its Environmental, Social and Governance ("ESG") efforts as integral to its business, with initiatives consistent with its objective of long-term value creation. In 2020, the Company introduced long-term, aspirational ESG targets and committed over $500 million for investments to meet or exceed such sustainability targets. These investments primarily focus on reducing emissions, increasing resource recovery of both recyclable commodities and clean energy fuels, reducing reliance on off-site disposal for landfill leachate, further improving safety through reduced incidents and enhancing employee engagement through improved voluntary turnover and Servant Leadership scores. For more information, visit the Waste Connections website at wasteconnections.com/sustainability.

Safe Harbor and Forward-Looking Information

This press release 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 press release 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 press release include, but are not limited to, statements about expected 2021 financial results, outlook and related assumptions, potential growth and margin expansion, potential acquisition activity and return of capital to shareholders. 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 press release. Waste Connections undertakes no obligation to update the forward-looking statements set forth in this press release, whether as a result of new information, future events, or otherwise, unless required by applicable securities laws.

– financial tables attached –

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WASTE CONNECTIONS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF NET INCOME (LOSS)
THREE AND SIX MONTHS ENDED JUNE 30, 2020 AND 2021
(Unaudited)
(in thousands of U.S. dollars, except share and per share amounts)

	Three months ended June 30,	

	2020	2021	2020
Revenues	$ 1,305,782	$ 1,533,931	$ 2,65
Operating expenses:			
Cost of operations	785,710	901,191	1,60
Selling, general and administrative	132,158	157,943	26
Depreciation	151,230	169,221	30
Amortization of intangibles	31,771	32,707	6
Impairments and other operating items	437,270	6,081	43
Operating income (loss)	(232,357)	266,788	(1
Interest expense	(40,936)	(41,328)	(7
Interest income	1,317	744	
Other income (expense), net	5,772	(1,235)	(
Income (loss) before income tax provision	(266,204)	224,969	(9
Income tax (provision) benefit	38,737	(47,868)	1
Net income (loss)	(227,467)	177,101	(8
Plus (less): Net loss (income) attributable to noncontrolling interests	395	(54)	
Net income (loss) attributable to Waste Connections	$ (227,072)	$ 177,047	$ (8
Earnings (loss) per common share attributable to Waste Connections' common shareholders:			
Basic	$ (0.86)	$ 0.68	$
Diluted	$ (0.86)	$ 0.68	$
Shares used in the per share calculations:			
Basic	262,994,275	260,951,405	263,39
Diluted	262,994,275	261,418,573	263,39
Cash dividends per common share	$ 0.185	$ 0.205	$

WASTE CONNECTIONS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(in thousands of U.S. dollars, except share and per share amounts)

	Decer 2
ASSETS	
Current assets:	
Cash and equivalents	$
Accounts receivable, net of allowance for credit losses of $19,380 and $19,527 at December 31, 2020 and June 30, 2021, respectively	

Prepaid expenses and other current assets	
Total current assets	1
Restricted cash	
Restricted investments	
Property and equipment, net	5
Operating lease right-of-use assets	
Goodwill	5
Intangible assets, net	1
Other assets, net	
Total assets	$ 13
LIABILITIES AND EQUITY	
Current liabilities:	
Accounts payable	$
Book overdraft	
Deferred revenue	
Accrued liabilities	
Current portion of operating lease liabilities	
Current portion of contingent consideration	
Current portion of long-term debt and notes payable	
Total current liabilities	1
Long-term portion of debt and notes payable	4
Long-term portion of operating lease liabilities	
Long-term portion of contingent consideration	
Deferred income taxes	
Other long-term liabilities	
Total liabilities	7
Commitments and contingencies	
Equity:	
Common shares: 262,899,174 shares issued and 262,824,990 shares outstanding at December 31, 2020; 260,506,316 shares issued and 260,433,450 shares outstanding at June 30, 2021	4
Additional paid-in capital	
Accumulated other comprehensive income (loss)	
Treasury shares: 74,184 and 72,866 shares at December 31, 2020 and June 30, 2021, respectively	
Retained earnings	2
Total Waste Connections' equity	6
Noncontrolling interest in subsidiaries	
Total equity	6
	$ 13

WASTE CONNECTIONS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

SIX MONTHS ENDED JUNE 30, 2020 AND 2021
(Unaudited)
(in thousands of U.S. dollars)

	Six months en
	2020
Cash flows from operating activities:	
Net income (loss)	$ (84,573)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:	
Loss on disposal of assets and impairments	420,169
Depreciation	302,051
Amortization of intangibles	63,409
Deferred income taxes, net of acquisitions	(66,821)
Amortization of debt issuance costs	4,783
Share-based compensation	24,643
Interest accretion	8,512
Payment of contingent consideration recorded in earnings	-
Adjustments to contingent consideration	16,794
Other	1,596
Net change in operating assets and liabilities, net of acquisitions	62,622
Net cash provided by operating activities	753,185
Cash flows from investing activities:	
Payments for acquisitions, net of cash acquired	(86,325)
Capital expenditures for property and equipment	(268,711)
Capital expenditure for undeveloped landfill property	(16,450)
Proceeds from disposal of assets	10,642
Other	888
Net cash used in investing activities	(359,956)
Cash flows from financing activities:	
Proceeds from long-term debt	1,790,625
Principal payments on notes payable and long-term debt	(1,484,118)
Payment of contingent consideration recorded at acquisition date	(2,251)
Change in book overdraft	(606)
Payments for repurchase of common shares	(105,654)
Payments for cash dividends	(96,912)
Tax withholdings related to net share settlements of equity-based compensation	(23,291)
Debt issuance costs	(10,957)
Proceeds from sale of common shares held in trust	679
Net cash provided by (used in) financing activities	67,515
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(541)
Net increase in cash, cash equivalents and restricted cash	460,203

Cash, cash equivalents and restricted cash at beginning of period	423,221
Cash, cash equivalents and restricted cash at end of period	$ 883,424

ADDITIONAL STATISTICS
(in thousands of U.S. dollars, except where noted)

Solid Waste Internal Growth: The following table reflects a breakdown of the components of our solid waste internal growth for the three and six month periods ended June 30, 2021:

	Three months ended June 30, 2021	Six months ended June 30, 2021
Core Price	4.7 %	4.6 %
Surcharges	0.2 %	0.0 %
Volume	6.5 %	1.6 %
Recycling	1.5 %	1.2 %
Foreign Exchange Impact	1.5 %	1.1 %
Total	14.4 %	8.5 %

Revenue Breakdown: The following table reflects a breakdown of our revenue for the three month periods ended June 30, 2020 and 2021:

	Three months ended June 30, 2020			
	Revenue	Inter-company Elimination	Reported Revenue	
Solid Waste Collection	$ 948,072	$ (3,432)	$ 944,640	7
Solid Waste Disposal and Transfer	469,704	(191,301)	278,403	2
Solid Waste Recycling	20,217	(660)	19,557	
E&P Waste Treatment, Recovery and Disposal	40,152	(4,644)	35,508	
Intermodal and Other	27,811	(137)	27,674	
Total	$ 1,505,956	$ (200,174)	$ 1,305,782	10

	Three months ended June 30, 2021			
	Revenue	Inter-company Elimination	Reported Revenue	
Solid Waste Collection	$ 1,098,319	$ (3,232)	$ 1,095,087	7
Solid Waste Disposal and Transfer	544,257	(215,481)	328,776	2
Solid Waste Recycling	41,539	(1,113)	40,426	
E&P Waste Treatment, Recovery and Disposal	34,607	(3,454)	31,153	
Intermodal and Other	38,590	(101)	38,489	
Total	$ 1,757,312	$ (223,381)	$ 1,533,931	10

Contribution from Acquisitions: The following table reflects revenues from acquisitions, net of divestitures, for the three and six month periods ended June 30, 2020 and 2021:

	Three months ended June 30,		Six months ended June 30,	
	2020	2021	2020	2021
Acquisitions, net	$ 40,727	$ 44,125	$ 100,296	$ 84,666

ADDITIONAL STATISTICS (continued)
(in thousands of U.S. dollars, except where noted)

Other Cash Flow Items: The following table reflects cash interest and cash taxes for the three and six month periods ended June 30, 2020 and 2021:

month periods ended June 30, 2020 and 2021:

	Three months ended June 30,		Six months ended June 30,	
	2020	2021	2020	2021
Cash Interest Paid	$ 45,782	$ 56,516	$ 62,828	$ 81,962
Cash Taxes Paid	8,440	32,072	13,050	60,693

Debt to Book Capitalization as of June 30, 2021: 41%

Internalization for the three months ended June 30, 2021: 56%

Days Sales Outstanding for the three months ended June 30, 2021: 39 (24 net of deferred revenue)

Share Information for the three months ended June 30, 2021:

Basic shares outstanding	260,951,405
Dilutive effect of equity-based awards	467,168
Diluted shares outstanding	261,418,573

NON-GAAP RECONCILIATION SCHEDULE

(in thousands of U.S. dollars, except where noted)

Reconciliation of Adjusted EBITDA:

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. Management uses adjusted EBITDA as one of the principal measures to evaluate and monitor the ongoing financial performance of Waste Connections' operations. Waste Connections defines adjusted EBITDA as net income (loss) attributable to Waste Connections, plus or minus net income (loss) attributable to noncontrolling interests, plus or minus income tax provision (benefit), plus interest expense, less interest income, plus depreciation and amortization expense, plus closure and post-closure accretion expense, plus or minus any loss or gain on impairments and other operating items, plus other expense, less other income. Waste Connections further adjusts this calculation to exclude the effects of other items management believes impact the ability to assess the operating performance of its business. This measure is not a substitute for, and should be used in conjunction with, GAAP financial measures. Other companies may calculate adjusted EBITDA differently.

	Three months ended June 30,	
	2020	2021
Net income (loss) attributable to Waste Connections	$ (227,072)	$ 177,047
Plus/(less): Net income (loss) attributable to noncontrolling interests	(395)	54
Plus/(less): Income tax provision (benefit)	(38,737)	47,868
Plus: Interest expense	40,936	41,328
Less: Interest income	(1,317)	(744)
Plus: Depreciation and amortization	183,001	201,928
Plus: Closure and post-closure accretion	3,709	3,666
Plus: Impairments and other operating items	437,270	6,081
Plus/(Less): Other expense (income), net	(5,772)	1,235
Adjustments:		
Plus: Transaction-related expenses[(a)]	1,016	57
Plus: Fair value changes to equity awards[(b)]	1,683	6,385
Adjusted EBITDA	$ 394,322	$ 484,905
As % of revenues	*30.2%*	*31.6%*

(a) Reflects the addback of acquisition-related transaction costs.

(b) Reflects fair value accounting changes associated with certain equity awards.

NON-GAAP RECONCILIATION SCHEDULE (continued)
(in thousands of U.S. dollars, except where noted)

Reconciliation of Adjusted Free Cash Flow:

Adjusted free cash flow, a non-GAAP financial measure, is provided supplementally because it is widely used by investors as a valuation and liquidity measure in the solid waste industry. Management uses adjusted free cash flow as one of the principal measures to evaluate and monitor the ongoing financial performance of Waste Connections' operations. Waste Connections defines adjusted free cash flow as net cash provided by operating activities, plus or minus change in book overdraft, plus proceeds from disposal of assets, less capital expenditures for property and equipment and distributions to noncontrolling interests. Waste Connections further adjusts this calculation to exclude the effects of items management believes impact the ability to assess the operating performance of its business. This measure is not a substitute for, and should be used in conjunction with, GAAP liquidity or financial measures. Other companies may calculate adjusted free cash flow differently.

	Three months ended June 30,	
	2020	2021
Net cash provided by operating activities	$ 383,599	$ 448,081
Plus/(Less): Change in book overdraft	3,243	16,659
Plus: Proceeds from disposal of assets	7,143	5,826
Less: Capital expenditures for property and equipment	(130,930)	(174,599)
Adjustments:		
Payment of contingent consideration recorded in earnings[(a)]	-	-
Cash received for divestitures[(b)]	(4,974)	-
Transaction-related expenses[(c)]	1,016	57
Pre-existing Progressive Waste share-based grants[(d)]	-	47
Tax effect[(e)]	(251)	(26)
Adjusted free cash flow	$ 258,846	$ 296,045
As % of revenues	*19.8%*	*19.3%*

(a) Reflects the addback of acquisition-related payments for contingent consideration that were recorded as expenses in earnings and as a component of cash flows from operating activities as the amounts paid exceeded the fair value of the contingent consideration recorded at the acquisition date.

(b) Reflects the elimination of cash received in conjunction with the divestiture of certain operations.

(c) Reflects the addback of acquisition-related transaction costs.

(d) Reflects the cash settlement of pre-existing Progressive Waste share-based awards during the period.

(e) The aggregate tax effect of footnotes (a) through (d) is calculated based on the applied tax rates for the respective periods.

NON-GAAP RECONCILIATION SCHEDULE (continued)
(in thousands of U.S. dollars, except per share amounts)

Reconciliation of Adjusted Net Income attributable to Waste Connections and Adjusted Net Income per Diluted Share attributable to Waste Connections:

Adjusted net income attributable to Waste Connections and adjusted net income per diluted share attributable to Waste Connections, both non-GAAP financial measures, are provided supplementally because they are widely used by investors as a valuation measure in the solid waste industry. Management uses adjusted net income attributable to Waste Connections and adjusted net income per diluted share attributable to Waste Connections as one of the principal measures to evaluate and monitor the ongoing financial performance of Waste Connections' operations. Waste Connections provides adjusted net income attributable to Waste Connections to exclude the effects of items management believes impact the comparability of operating results between periods. Adjusted net income attributable to Waste Connections has limitations due to the fact that it excludes items that have an impact on the Company's financial condition and results of operations. Adjusted net income attributable to Waste Connections and adjusted net income per diluted share attributable to Waste Connections are not a substitute for, and should be used in conjunction with, GAAP financial measures. Other companies may calculate these non-GAAP financial measures differently.

	Three months ended June 30,		
	2020	2021	
Reported net income (loss) attributable to Waste Connections	$ (227,072)	$ 177,047	$
Adjustments:			
Amortization of intangibles[(a)]	31,771	32,707	
Impairments and other operating items[(b)]	437,270	6,081	
Transaction-related expenses[(c)]	1,016	57	
Fair value changes to equity awards[(d)]	1,683	6,385	
Tax effect[(e)]	(118,220)	(11,393)	
Tax items[(f)]	31,508	-	
Adjusted net income attributable to Waste Connections	$ 157,956	$ 210,884	$
Diluted earnings (loss) per common share attributable to Waste Connections' common shareholders:			
Reported net income (loss)	$ (0.86)	$ 0.68	$
Adjusted net income	$ 0.60	$ 0.81	$
Shares used in the per share calculations:			
Reported diluted shares	262,994,275	261,418,573	
Adjusted diluted shares[(g)]	263,317,054	261,418,573	

(a) Reflects the elimination of the non-cash amortization of acquisition-related intangible assets.

(b) Reflects the addback of impairments and other operating items.

(c) Reflects the addback of acquisition-related transaction costs.

(d) Reflects fair value accounting changes associated with certain equity awards.

(e) The aggregate tax effect of the adjustments in footnotes (a) through (d) is calculated based on the applied tax rates for the respective periods.

(f) Reflects the impact of a portion of the Company's 2019 inter-entity payments no longer being deductible for tax purposes due to the finalization of tax regulations on April 7, 2020 under Internal Revenue Code section 267A and an increase in deferred tax liabilities resulting from the E&P impairment.

(g) Reflects reported diluted shares adjusted for shares that were excluded from the reported diluted shares calculation due to our reporting a net loss during the three and six months ended June 30, 2020.

UPDATED 2021 OUTLOOK

NON-GAAP RECONCILIATION SCHEDULE

(in thousands of U.S. dollars, except where noted)

Reconciliation of Adjusted EBITDA:

	Updated 2021 Outlook	
	Estimates	Observation
Net income attributable to Waste Connections	$ 690,000	
Plus: Income tax provision (a)	184,294	Approximate 21.0% effective rate
Plus: Interest expense, net	162,000	
Plus: Depreciation and Depletion	680,000	Approximately 11.4% of revenue
Plus: Amortization	132,000	
Plus: Closure and post-closure accretion	15,000	
Plus: Impairments and other operating items (b)	6,712	
Plus: Other income, net (b)	(2,312)	
Adjustments: (b)		
Plus: Transaction-related expenses	583	
Plus: Fair value changes to equity awards	6,723	
Adjusted EBITDA	$ 1,875,000	Approximately 31.4% of revenue

(a) Approximately 21% full year effective tax rate, including amounts reported for the six month period ended June 30, 2021.

(b) Reflects amounts reported for the six month period ended June 30, 2021, as shown on page 9.

Reconciliation of Adjusted Free Cash Flow:

	Updated 2021 Outlook
Net cash provided by operating activities	$ 1,666,061
Plus: Proceeds from disposal of assets (a)	7,906
Less: Capital expenditures for property and equipment	(675,000)
Adjustments: (a)	
Payment of contingent consideration recorded in earnings	520
Transaction-related expenses	583
Pre-existing Progressive Waste share-based grants	144
Tax effect	(214)
Adjusted free cash flow	$ 1,000,000
As % of revenues	*16.7%*

(a) Reflects amounts reported for the six month period ended June 30, 2021, as shown on page 10.

SOURCE Waste Connections, Inc.

WCN Q2 2021 Earnings Release

https://investors.wasteconnections.com/quarterly-results?item=42