



## Republic Services, Inc. Reports Third Quarter 2021 Results

October 28, 2021

- Total Revenue Growth of Approximately 14 Percent
- Delivered Earnings Per Share of \$1.10 and Adjusted Earnings Per Share of \$1.11, an Increase of 11 Percent Over the Prior Year
- Generated Cash Flow from Operations of \$2.1 billion and Adjusted Free Cash Flow of \$1.4 billion on a Year-to-Date Basis
- Expanded Adjusted EBITDA Margin 10 Basis Points
- Raised 2021 Full-Year Financial Guidance
- Certified as a Great Place to Work® for the Fifth Consecutive Year

PHOENIX, Oct. 28, 2021 /PRNewswire/ -- Republic Services, Inc. (NYSE: RSG) today reported net income of \$350.3 million, or \$1.10 per diluted share, for the three months ended September 30, 2021, versus \$260.0 million, or \$0.81 per diluted share, for the comparable 2020 period. Excluding certain benefits and expenses, on an adjusted basis, net income for the three months ended September 30, 2021 was \$353.7 million, or \$1.11 per diluted share, versus \$319.3 million, or \$1.00 per diluted share, for the comparable 2020 period.

"We continue to drive outsized revenue growth both organically and through acquisitions," said Jon Vander Ark, president and chief executive officer. "This year already represents the highest level of investment in acquisitions in over a decade. Our acquisition pipeline remains robust, with broad-based opportunities in the recycling and solid waste business and in our environmental solutions business."

"During the quarter, we continued to execute on our strategic priorities and delivered results that exceeded our expectations," added Vander Ark. "Accordingly, we are raising our full-year financial guidance."

### Third-Quarter 2021 Highlights:

- Third quarter EPS was \$1.10 per share, and adjusted EPS, a non-GAAP measure, was \$1.11 per share, an increase of 11 percent over the prior year.
- Year-to-date cash provided by operating activities was \$2.1 billion, an increase of 12 percent versus the prior year. Adjusted free cash flow, a non-GAAP measure, was \$1.4 billion, an increase of 22 percent versus the prior year.
- Year-to-date investments in acquisitions were \$922 million, or \$876 million net of divestitures.
- Year-to-date cash returned to shareholders through dividends and share repurchases was \$622 million.
- Third quarter core price increased revenue by 5.2 percent. Core price consisted of 6.5 percent in the open market and 2.9 percent in the restricted portion of the business.
- Third quarter revenue growth from average yield was 3.2 percent and volume increased 4.3 percent.
- Third quarter adjusted EBITDA margin, a non-GAAP measure, was 30.4 percent of revenue, which represents a 10 basis point increase over the prior year.
- The Company's average recycled commodity price per ton sold during the third quarter was \$230. This represents a sequential increase from the second quarter of \$60 per ton and an increase of \$131 per ton versus the prior year.
- The Company was certified as a Great Place to Work® for the fifth consecutive year.

### Raised Full-Year 2021 Financial Guidance

Republic raised its full-year adjusted diluted EPS guidance to \$4.10 to \$4.13 and its full-year adjusted free cash flow guidance to \$1,475 million to \$1,500 million.

Please refer to the Information Regarding Forward-Looking Statements section of this document.

### Company Declares Quarterly Dividend

Republic announced today that its Board of Directors declared a regular quarterly dividend of \$0.46 per share for shareholders of record on January 3, 2022. The dividend will be paid on January 14, 2022.

### Presentation of Certain Non-GAAP Measures

Adjusted diluted earnings per share, adjusted net income, adjusted EBITDA, adjusted EBITDA margin and adjusted free cash flow are described in the Reconciliation of Certain Non-GAAP Measures section of this document.

## About Republic Services

Republic Services, Inc. is a leader in the U.S. environmental services industry. Through its subsidiaries, the Company provides superior customer experience while fostering a sustainable Blue Planet® for future generations to enjoy a cleaner, safer and healthier world. For more information, visit [RepublicServices.com](http://RepublicServices.com), or follow us at [Facebook.com/RepublicServices](https://www.facebook.com/RepublicServices), [@RepublicService](https://twitter.com/RepublicService) on Twitter or Republic Services on [LinkedIn](https://www.linkedin.com/company/republic-services).

### SUPPLEMENTAL UNAUDITED FINANCIAL INFORMATION AND OPERATING DATA

#### REPUBLIC SERVICES, INC. CONSOLIDATED BALANCE SHEETS (in millions, except per share amounts)

	September 30, 2021	December 31, 2020
	(Unaudited)	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 40.1	\$ 38.2
Accounts receivable, less allowance for doubtful accounts and other of \$42.3 and \$34.7, respectively	1,265.0	1,091.3
Prepaid expenses and other current assets	264.3	392.3
Total current assets	1,569.4	1,521.8
Restricted cash and marketable securities	155.6	149.1
Property and equipment, net	8,938.9	8,726.2
Goodwill	12,736.3	12,046.4
Other intangible assets, net	228.1	173.1
Other assets	800.6	817.4
Total assets	<u>\$ 24,428.9</u>	<u>\$ 23,434.0</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 815.0	\$ 779.0
Notes payable and current maturities of long-term debt	8.0	168.1
Deferred revenue	381.5	345.6
Accrued landfill and environmental costs, current portion	119.2	114.5
Accrued interest	52.0	54.6
Other accrued liabilities	957.7	820.2
Total current liabilities	2,333.4	2,282.0
Long-term debt, net of current maturities	9,257.0	8,766.1
Accrued landfill and environmental costs, net of current portion	1,793.0	1,694.7
Deferred income taxes and other long-term tax liabilities, net	1,218.8	1,238.8
Insurance reserves, net of current portion	291.7	281.8
Other long-term liabilities	656.1	681.8
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, par value \$0.01 per share; 50 shares authorized; none issued	—	—
Common stock, par value \$0.01 per share; 750 shares authorized; 319.4 and 318.8 issued including shares held in treasury, respectively	3.2	3.2
Additional paid-in capital	2,801.0	2,741.4
Retained earnings	6,309.4	5,751.8
Treasury stock, at cost; 1.8 and — shares, respectively	(230.7)	(0.1)
Accumulated other comprehensive loss, net of tax	(9.6)	(12.4)
Total Republic Services, Inc. stockholders' equity	8,873.3	8,483.9
Non-controlling interests in consolidated subsidiary	5.6	4.9
Total stockholders' equity	8,878.9	8,488.8
Total liabilities and stockholders' equity	<u>\$ 24,428.9</u>	<u>\$ 23,434.0</u>

#### REPUBLIC SERVICES, INC. UNAUDITED CONSOLIDATED STATEMENTS OF INCOME (in millions, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Revenue	\$ 2,933.9	\$ 2,572.1	\$ 8,342.2	\$ 7,580.4
Expenses:				
Cost of operations	1,744.0	1,535.4	4,928.0	4,553.3
Depreciation, amortization and depletion	301.3	270.7	886.5	808.4
Accretion	20.8	20.7	61.9	62.4
Selling, general and administrative	299.0	256.1	880.3	795.3

Withdrawal costs - multiemployer pension funds	—	—	—	35.9
Loss (gain) on business divestitures and impairments, net	—	31.5	(0.2)	32.9
Restructuring charges	4.6	9.8	11.2	15.8
Operating income	564.2	447.9	1,574.5	1,276.4
Interest expense	(78.1)	(88.9)	(234.9)	(277.4)
Loss from unconsolidated equity method investments	(15.1)	(8.2)	(44.0)	(30.8)
Loss on extinguishment of debt	—	(34.5)	—	(34.5)
Interest income	0.6	0.5	2.0	4.0
Other (loss) income, net	(0.9)	1.9	0.6	3.7
Income before income taxes	470.7	318.7	1,298.2	941.4
Provision for income taxes	119.9	58.5	319.0	208.1
Net income	350.8	260.2	979.2	733.3
Net income attributable to non-controlling interests in consolidated subsidiary	(0.5)	(0.2)	(1.9)	(1.5)
Net income attributable to Republic Services, Inc.	<u>\$ 350.3</u>	<u>\$ 260.0</u>	<u>\$ 977.3</u>	<u>\$ 731.8</u>
Basic earnings per share attributable to Republic Services, Inc. stockholders:				
Basic earnings per share	<u>\$ 1.10</u>	<u>\$ 0.81</u>	<u>\$ 3.06</u>	<u>\$ 2.29</u>
Weighted average common shares outstanding	<u>318.6</u>	<u>319.2</u>	<u>319.2</u>	<u>319.3</u>
Diluted earnings per share attributable to Republic Services, Inc. stockholders:				
Diluted earnings per share	<u>\$ 1.10</u>	<u>\$ 0.81</u>	<u>\$ 3.06</u>	<u>\$ 2.29</u>
Weighted average common and common equivalent shares outstanding	<u>319.4</u>	<u>319.7</u>	<u>319.7</u>	<u>319.8</u>
Cash dividends per common share	<u>\$ 0.460</u>	<u>\$ 0.425</u>	<u>\$ 1.310</u>	<u>\$ 1.235</u>

**REPUBLIC SERVICES, INC.**  
**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in millions)

	Nine Months Ended September 30,	
	2021	2020
Cash provided by operating activities:		
Net income	\$ 979.2	\$ 733.3
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation, amortization, depletion and accretion	948.4	870.8
Non-cash interest expense	52.4	47.8
Stock-based compensation	49.1	29.0
Deferred tax (benefit) provision	(32.8)	45.7
Provision for doubtful accounts, net of adjustments	18.7	22.0
Loss on extinguishment of debt	—	34.5
Loss on disposition of assets and asset impairments, net	0.5	30.6
Withdrawal costs - multiemployer pension funds	—	4.3
Environmental adjustments	(1.8)	(1.2)
Loss from unconsolidated equity method investments	44.0	30.8
Other non-cash items	(1.5)	(2.9)
Change in assets and liabilities, net of effects from business acquisitions and divestitures:		
Accounts receivable	(137.7)	3.4
Prepaid expenses and other assets	105.7	135.0
Accounts payable	99.4	(60.4)
Capping, closure and post-closure expenditures	(41.2)	(39.5)
Remediation expenditures	(32.2)	(39.8)
Other liabilities	87.6	77.0
Payments for retirement of certain hedging relationships	—	(11.4)
Cash provided by operating activities	<u>2,137.8</u>	<u>1,909.0</u>
Cash used in investing activities:		
Purchases of property and equipment	(904.2)	(889.0)
Proceeds from sales of property and equipment	10.8	24.8
Cash used in acquisitions and investments, net of cash and restricted cash acquired	(936.3)	(189.9)
Cash received from business divestitures	46.3	32.5
Purchases of restricted marketable securities	(23.8)	(16.9)
Sales of restricted marketable securities	21.9	5.6
Other	(0.3)	—
Cash used in investing activities	<u>(1,785.6)</u>	<u>(1,032.9)</u>
Cash (used in) provided by financing activities:		
Proceeds from notes payable and long-term debt, net of fees	4,646.5	2,439.5
Proceeds from issuance of senior notes, net of discount and fees	—	1,626.6
Payments of notes payable and long-term debt	(4,381.8)	(4,101.9)
Premiums paid on extinguishment of debt	—	(34.0)
Issuances of common stock	(7.1)	1.3
Purchases of common stock for treasury	(179.0)	(98.8)

Cash dividends paid	(406.5)	(387.1)
Distributions paid to non-controlling interests in consolidated subsidiary	(1.2)	(0.2)
Contingent consideration payments	(14.4)	(9.7)
Cash used in financing activities	(343.5)	(564.3)
Increase in cash, cash equivalents, restricted cash and restricted cash equivalents	8.7	311.8
Cash, cash equivalents, restricted cash and restricted cash equivalents at beginning of period	114.2	177.4
Cash, cash equivalents, restricted cash and restricted cash equivalents at end of period	\$ 122.9	\$ 489.2

You should read the following information in conjunction with our audited consolidated financial statements and notes thereto appearing in our Annual Report on Form 10-K as of and for the year ended December 31, 2020. All amounts below are in millions and as a percentage of our revenue, except per share data.

## REVENUE

The following table reflects our total revenue by line of business for the three and nine months ended September 30, 2021 and 2020:

	Three Months Ended September 30,				Nine Months Ended June 30,			
	2021		2020		2021		2020	
Collection:								
Residential	\$ 626.7	21.4%	\$ 581.2	22.6%	\$1,831.3	22.0%	\$1,723.3	22.8%
Small-container	871.9	29.7	773.7	30.1	2,525.3	30.3	2,321.8	30.6
Large-container	621.7	21.2	553.1	21.5	1,762.0	21.1	1,606.8	21.2
Other	15.3	0.5	13.1	0.5	44.4	0.5	38.0	0.5
Total collection	2,135.6	72.8	1,921.1	74.7	6,163.0	73.9	5,689.9	75.1
Transfer	395.3		352.4		1,110.4		1,004.8	
Less: intercompany	(212.6)		(190.9)		(605.9)		(556.9)	
Transfer, net	182.7	6.2	161.5	6.3	504.5	6.0	447.9	5.9
Landfill	657.6		597.3		1,871.6		1,719.6	
Less: intercompany	(285.6)		(263.4)		(818.1)		(763.9)	
Landfill, net	372.0	12.7	333.9	13.0	1,053.5	12.6	955.7	12.6
Environmental solutions	51.4	1.7	24.1	0.9	110.8	1.3	101.0	1.3
Other:								
Recycling processing and commodity sales	119.9	4.1	75.0	2.9	310.6	3.8	216.2	2.9
Other non-core	72.3	2.5	56.5	2.2	199.8	2.4	169.7	2.2
Total other	192.2	6.6	131.5	5.1	510.4	6.2	385.9	5.1
Total revenue	\$2,933.9	100.0%	\$2,572.1	100.0%	\$8,342.2	100.0%	\$7,580.4	100.0%

The following table reflects changes in components of our revenue, as a percentage of total revenue, for the three and nine months ended September 30, 2021 and 2020:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Average yield	3.2%	2.6%	2.7%	2.7%
Fuel recovery fees	1.3	(0.9)	0.6	(0.6)
Total price	4.5	1.7	3.3	2.1
Volume	4.3	(3.4)	3.8	(3.7)
Change in workdays	—	—	(0.2)	0.1
Recycling processing and commodity sales	1.6	0.3	1.2	0.1
Environmental solutions	0.2	(1.3)	(0.2)	(0.9)
Total internal growth	10.6	(2.7)	7.9	(2.3)
Acquisitions / divestitures, net	3.5	(0.1)	2.1	0.5
Total	14.1%	(2.8)%	10.0%	(1.8)%
Core price	5.2%	4.5%	4.9%	4.8%

Average yield is defined as revenue growth from the change in average price per unit of service, expressed as a percentage. Core price is defined as price increases to our customers and fees, excluding fuel recovery fees, net of price decreases to retain customers. We also measure changes in average yield and core price as a percentage of related-business revenue, defined as total revenue excluding recycled commodities and fuel recovery fees, to determine the effectiveness of our pricing strategies. Average yield as a percentage of related-business revenue was 3.4% and 2.9% for the three and nine months ended September 30, 2021, respectively, and 2.8% for each of the same respective periods in 2020. Core price as a percentage of related-business revenue was 5.4% and 5.1% for the three and nine months ended September 30, 2021, respectively, and 4.8% and 5.1% for the same respective periods in 2020.

The following table reflects changes in average yield and volume, as a percentage of total revenue by line of business, for the three and nine months ended September 30, 2021 and 2020:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2021		2020		2021		2020	
	Yield	Volume	Yield	Volume	Yield	Volume	Yield	Volume
Collection:								
Residential	3.7%	(0.3)%	3.1%	(1.6)%	3.5%	(0.4)%	2.6%	(1.5)%
Small-container	3.2%	5.4%	3.8%	(4.8)%	2.8%	3.6%	3.9%	(4.6)%

Large-container	4.8%	3.9%	1.9%	(5.4)%	3.0%	4.9%	2.3%	(6.2)%
Landfill:								
Municipal solid waste	2.2%	1.3%	2.3%	3.3%	2.4%	3.4%	2.7%	(0.2)%
Construction and demolition waste	2.2%	0.8%	5.4%	(2.5)%	2.7%	2.5%	5.6%	4.6%
Special waste	—%	16.9%	—%	(11.7)%	—%	14.7%	—%	(11.0)%

## COST OF OPERATIONS

The following table summarizes the major components of our cost of operations for the three and nine months ended September 30, 2021 and 2020 (in millions of dollars and as a percentage of revenue):

	Three Months Ended September 30,		Nine Months Ended September 30,		2021		2020	
	2021	2020	2021	2020	2021	2020	2021	2020
Labor and related benefits	\$ 588.2	20.0%	\$ 546.0	21.2%	\$ 1,715.4	20.6%	\$ 1,617.1	21.3%
Transfer and disposal costs	228.9	7.8	206.9	8.0	641.3	7.7	594.7	7.9
Maintenance and repairs	273.9	9.3	246.5	9.6	770.9	9.2	726.0	9.6
Transportation and subcontract costs	206.2	7.0	172.7	6.7	565.5	6.8	501.0	6.6
Fuel	100.4	3.4	66.1	2.6	271.7	3.3	204.4	2.7
Disposal fees and taxes	87.0	3.0	79.7	3.1	252.4	3.0	234.0	3.1
Landfill operating costs	61.9	2.1	60.0	2.4	188.2	2.3	190.1	2.5
Risk management	74.8	2.6	48.8	1.9	186.8	2.2	162.3	2.1
Other	122.7	4.2	108.7	4.2	335.8	4.0	334.5	4.4
Subtotal	1,744.0	59.4	1,535.4	59.7	4,928.0	59.1	4,564.1	60.2
Bridgeton insurance recovery	—	—	—	—	—	—	(10.8)	(0.1)
Total cost of operations	<u>\$ 1,744.0</u>	<u>59.4%</u>	<u>\$ 1,535.4</u>	<u>59.7%</u>	<u>\$ 4,928.0</u>	<u>59.1%</u>	<u>\$ 4,553.3</u>	<u>60.1%</u>

These cost categories may change from time to time and may not be comparable to similarly titled categories used by other companies. As such, you should take care when comparing our cost of operations by cost component to that of other companies and of ours for prior periods.

## SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

The following table summarizes our selling, general and administrative expenses for the three and nine months ended September 30, 2021 and 2020 (in millions of dollars and as a percentage of revenue):

	Three Months Ended September 30,		Nine Months Ended September 30,		2021		2020	
	2021	2020	2021	2020	2021	2020	2021	2020
Salaries	\$ 210.1	7.2%	\$ 183.4	7.1%	\$ 626.9	7.5%	\$ 555.8	7.3%
Provision for doubtful accounts	7.2	0.2	6.1	0.3	18.7	0.2	22.0	0.3
Other	81.7	2.8	66.6	2.6	219.3	2.7	217.5	2.9
Subtotal	\$ 299.0	10.2%	\$ 256.1	10.0%	\$ 864.9	10.4%	\$ 795.3	10.5%
Accelerated vesting of compensation expense for CEO transition	\$ —	—%	\$ —	—%	\$ 15.4	0.2%	\$ —	—%
Total selling, general and administrative expenses	<u>\$ 299.0</u>	<u>10.2%</u>	<u>\$ 256.1</u>	<u>10.0%</u>	<u>\$ 880.3</u>	<u>10.6%</u>	<u>\$ 795.3</u>	<u>10.5%</u>

These cost categories may change from time to time and may not be comparable to similarly titled categories used by other companies. As such, you should take care when comparing our selling, general and administrative expenses by cost component to those of other companies and of ours for prior periods.

## RECONCILIATION OF CERTAIN NON-GAAP MEASURES

### EBITDA

The following table calculates EBITDA, which is not a measure determined in accordance with U.S. generally accepted accounting principles (U.S. GAAP), for the three and nine months ended September 30, 2021 and 2020:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net income attributable to Republic Services, Inc.	\$ 350.3	\$ 260.0	\$ 977.3	\$ 731.8
Net income attributable to noncontrolling interests	0.5	0.2	1.9	1.5
Provision (benefit) for income taxes	119.9	58.5	319.0	208.1
Other (income) loss, net	0.9	(1.9)	(0.6)	(3.7)
Interest income	(0.6)	(0.5)	(2.0)	(4.0)
Interest expense	78.1	88.9	234.9	277.4
Depreciation, amortization and depletion	301.3	270.7	886.5	808.4
Accretion	20.8	20.7	61.9	62.4
EBITDA	<u>\$ 871.2</u>	<u>\$ 696.6</u>	<u>\$ 2,478.9</u>	<u>\$ 2,081.9</u>

We believe that presenting EBITDA is useful to investors because it provides important information concerning our operating performance exclusive of certain non-cash and other costs. EBITDA demonstrates our ability to execute our financial strategy, which includes reinvesting in existing capital assets to ensure a high level of customer service, investing in capital assets to facilitate growth in our customer base and services provided, maintaining our investment grade credit ratings and minimizing debt, paying cash dividends, repurchasing our common stock, and maintaining and improving our market position through business optimization. This measure has limitations. Although depreciation, depletion, amortization and accretion are considered operating costs in accordance with U.S. GAAP, they represent the allocation of non-cash costs generally associated with long-lived assets acquired or constructed in prior years. Our definition of EBITDA may not be comparable to similarly titled measures presented by

other companies.

## Adjusted Earnings

Reported diluted earnings per share was \$1.10 and \$3.06 for the three and nine months ended September 30, 2021, respectively, compared to \$0.81 and \$2.29 for the same respective periods in 2020. During the three and nine months ended September 30, 2021 and 2020, we recorded a number of charges and other expenses and gains that impacted our EBITDA, pre-tax income, net income attributable to Republic Services, Inc. (net income – Republic) and diluted earnings per share. For comparative purposes, certain prior year amounts have been reclassified to conform to current year presentation. The table below sets forth such measures on an adjusted basis to exclude such charges, other expenses and gains:

	Three Months Ended September 30, 2021				Three Months Ended September 30, 2020			
	EBITDA	Pre-tax	Net	Diluted	EBITDA	Pre-tax	Net	Diluted
		Income	Income - Republic	Earnings per Share		Income	Income - Republic	Earnings per Share
As reported	\$ 871.2	\$ 470.7	\$ 350.3	\$ 1.10	\$ 696.6	\$ 318.7	\$ 260.0	\$ 0.81
Loss from unconsolidated equity method investments	15.1	—	—	—	8.2	—	—	—
Loss on extinguishment of debt and other related costs	—	—	—	—	34.5	34.5	25.5	0.08
Restructuring charges	4.6	4.6	3.4	0.01	9.8	9.8	7.2	0.02
Loss on business divestitures and impairments, net	—	—	—	—	31.5	31.5	26.6	0.09
Total adjustments	19.7	4.6	3.4	0.01	84.0	75.8	59.3	0.19
As adjusted	\$ 890.9	\$ 475.3	\$ 353.7	\$ 1.11	\$ 780.6	\$ 394.5	\$ 319.3	\$ 1.00

	Nine Months Ended September 30, 2021				Nine Months Ended September 30, 2020			
	EBITDA	Pre-tax	Net	Diluted	EBITDA	Pre-tax	Net	Diluted
		Income	Income - Republic	Earnings per Share		Income	Income - Republic	Earnings per Share
As reported	\$ 2,478.9	\$ 1,298.2	\$ 977.3	\$ 3.06	\$ 2,081.9	\$ 941.4	\$ 731.8	\$ 2.29
Loss from unconsolidated equity method investments	44.0	—	—	—	30.8	—	—	—
Loss on extinguishment of debt and other related costs	—	—	—	—	34.5	34.5	25.5	0.08
Restructuring charges	11.2	11.2	8.2	0.02	15.8	15.8	11.7	0.04
(Gain) loss on business divestitures and impairments, net <sup>(1)</sup>	(0.2)	(0.2)	(0.1)	—	32.9	32.9	30.1	0.10
Withdrawal costs - multiemployer pension funds	—	—	—	—	35.9	35.9	26.5	0.08
Accelerated vesting of compensation expense for CEO transition	15.4	15.4	15.4	0.05	—	—	—	—
Bridgeton insurance recovery	—	—	—	—	(10.8)	(10.8)	(8.2)	(0.03)
Total adjustments	70.4	26.4	23.5	0.07	139.1	108.3	85.6	0.27
As adjusted	\$ 2,549.3	\$ 1,324.6	\$ 1,000.8	\$ 3.13	\$ 2,221.0	\$ 1,049.7	\$ 817.4	\$ 2.56

(1) The aggregate impact to adjusted diluted earnings per share totals to less than \$0.01 for the nine months ended September 30, 2021.

We believe that presenting adjusted EBITDA, adjusted pre-tax income, adjusted net income - Republic, and adjusted diluted earnings per share, which are not measures determined in accordance with U.S. GAAP, provide an understanding of operational activities before the financial impact of certain items. We use these measures, and believe investors will find them helpful, in understanding the ongoing performance of our operations separate from items that have a disproportionate impact on our results for a particular period. We have incurred comparable charges, costs and recoveries in prior periods, and similar types of adjustments can reasonably be expected to be recorded in future periods. Our definition of adjusted EBITDA, adjusted pre-tax income, adjusted net income - Republic, and adjusted diluted earnings per share may not be comparable to similarly titled measures presented by other companies. Further information on each of these adjustments is included below.

*Loss on extinguishment of debt.* During the three and nine months ended September 30, 2020, we incurred a \$34.5 million loss on the early extinguishment of debt related to the redemption of our \$600.0 million 5.250% senior notes due November 2021.

*Restructuring charges.* In 2020, we incurred costs related to the redesign of certain back-office software systems, which continued into 2021. In addition, in July 2020, we eliminated certain back-office support positions in response to a decline in the underlying demand for services resulting from the COVID-19 pandemic.

*(Gain) loss on business divestitures and impairments, net.* During the nine months ended September 30, 2021, we recorded a net gain on business divestitures and impairments of \$(0.2) million. During the three and nine months ended September 30, 2020, we recorded a net loss on business divestitures and impairments of \$31.5 million and \$32.9 million, respectively.

*Withdrawal costs - multiemployer pension funds.* During 2020, we recorded charges to earnings for withdrawal events at multiemployer pension funds to which we contribute. As we obtain updated information regarding multiemployer pension funds, the factors used in deriving our estimated withdrawal liabilities will be subject to change, which may adversely impact our reserves for withdrawal costs.

*Accelerated vesting of compensation expense for CEO transition.* In June 2021, Donald W. Slager retired as Chief Executive Officer (CEO) of Republic Services, Inc. During the nine months ended September 30, 2021, we recognized a charge of \$15.4 million related to the accelerated vesting of his compensation awards that were previously scheduled to vest in 2022 and beyond.

*Bridgeton insurance recovery.* During the nine months ended September 30, 2020, we recognized an insurance recovery related to our closed Bridgeton Landfill in Missouri as a reduction of remediation expenses in our cost of operations.

## Adjusted Free Cash Flow

The following table calculates our adjusted free cash flow, which is not a measure determined in accordance with U.S. GAAP, for the nine months ended September 30, 2021 and 2020:

	Nine Months Ended September 30,	
	2021	2020
Cash provided by operating activities	\$ 2,137.8	\$ 1,909.0
Property and equipment received	(801.3)	(818.7)
Proceeds from sales of property and equipment	10.8	24.8
Cash paid related to withdrawal costs - multiemployer pension funds, net of tax	—	23.4
Restructuring payments, net of tax	8.9	8.8
Divestiture related tax payments	0.1	(2.7)
Cash tax benefit for debt extinguishment	—	(9.1)
Bridgeton insurance recovery, net of tax	—	(26.4)
Adjusted free cash flow	<u>\$ 1,356.3</u>	<u>\$ 1,109.1</u>

We believe that presenting adjusted free cash flow provides useful information regarding our recurring cash provided by operating activities after certain expenditures or recoveries. It also demonstrates our ability to execute our financial strategy and is a key metric we use to determine compensation. The presentation of adjusted free cash flow has material limitations. Adjusted free cash flow does not represent our cash flow available for discretionary payments because it excludes certain payments that are required or to which we have committed, such as debt service requirements and dividend payments. Our definition of adjusted free cash flow may not be comparable to similarly titled measures presented by other companies.

Purchases of property and equipment as reflected on our consolidated statements of cash flows represent amounts paid during the period for such expenditures. A reconciliation of property and equipment expenditures reflected on our consolidated statements of cash flows to property and equipment received during the period follows for the nine months ended September 30, 2021 and 2020:

	Nine Months Ended September 30,	
	2021	2020
Purchases of property and equipment per the unaudited consolidated statements of cash flows	\$ 904.2	\$ 889.0
Adjustments for property and equipment received during the prior period but paid for in the following period, net	(102.9)	(70.3)
Property and equipment received during the period	<u>\$ 801.3</u>	<u>\$ 818.7</u>

The adjustments noted above do not affect our net change in cash, cash equivalents, restricted cash and restricted cash equivalents as reflected in our consolidated statements of cash flows.

#### ACCOUNTS RECEIVABLE

As of September 30, 2021 and December 31, 2020, accounts receivable were \$1,265.0 million and \$1,091.3 million, net of allowance for doubtful accounts of \$42.3 million and \$34.7 million, respectively, resulting in days sales outstanding of 39.2, or 27.4 days net of deferred revenue, compared to 38.6, or 26.4 days net of deferred revenue, respectively.

#### CASH DIVIDENDS

In July 2021, we paid a cash dividend of \$135.4 million to shareholders of record as of July 1, 2021. As of September 30, 2021, we recorded a quarterly dividend payable of \$146.1 million to shareholders of record at the close of business on October 1, 2021, which was paid on October 15, 2021.

#### SHARE REPURCHASE PROGRAM

During the three months ended September 30, 2021, we repurchased 1.0 million shares of our stock for \$123.3 million at a weighted average cost per share of \$122.72. As of September 30, 2021, the remaining authorized purchase capacity under our October 2020 repurchase program was \$1.8 billion.

#### 2021 FINANCIAL GUIDANCE

##### Adjusted Diluted Earnings per Share

The following is a summary of anticipated adjusted diluted earnings per share for the year ending December 31, 2021, which is not a measure determined in accordance with U.S. GAAP:

	(Anticipated)
	Year Ending
	<u>December 31, 2021</u>
Diluted earnings per share	\$4.01 to \$4.04
Restructuring charges	0.04
Accelerated vesting of compensation expense for CEO transition	0.05
Adjusted diluted earnings per share	<u>\$4.10 to \$4.13</u>

We believe that presenting adjusted diluted earnings per share provides an understanding of operational activities before the financial impact of certain items. We use this measure, and believe investors will find it helpful, in understanding the ongoing performance of our operations separate from items that have a disproportionate impact on our results for a particular period. We have incurred comparable charges, costs and recoveries in prior periods, and similar types of adjustments can reasonably be expected to be recorded in future periods. Our definition of adjusted diluted earnings per share may not be comparable to similarly titled measures presented by other companies.

#### Adjusted Free Cash Flow

Our anticipated adjusted free cash flow for the year ending December 31, 2021, which is not a measure determined in accordance with U.S. GAAP, is calculated as follows:

	(Anticipated) Year Ending December 31, 2021
Cash provided by operating activities	\$2,735 to \$2,770
Property and equipment received	(1,290 to 1,300)
Proceeds from sales of property and equipment	15
Restructuring payments, net of tax	15
Adjusted free cash flow	<u>\$1,475 to \$1,500</u>

We believe that presenting adjusted free cash flow provides useful information regarding our recurring cash provided by operating activities after certain expenditures or recoveries. It also demonstrates our ability to execute our financial strategy and is a key metric we use to determine compensation. The presentation of adjusted free cash flow has material limitations. Adjusted free cash flow does not represent our cash flow available for discretionary payments because it excludes certain payments that are required or to which we have committed, such as debt service requirements and dividend payments. Our definition of adjusted free cash flow may not be comparable to similarly titled measures presented by other companies.

#### INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This press release contains certain forward-looking information about us that is intended to be covered by the safe harbor for "forward-looking statements" provided by the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements that are not historical facts. Words such as "guidance," "expect," "will," "may," "anticipate," "plan," "estimate," "project," "intend," "should," "can," "likely," "could," "outlook" and similar expressions are intended to identify forward-looking statements. These statements include information about our plans, strategies and prospects. Forward-looking statements are not guarantees of performance. These statements are based upon the current beliefs and expectations of our management and are subject to risk and uncertainties that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot assure you that the expectations will prove to be correct. Among the factors that could cause actual results to differ materially from the expectations expressed in the forward-looking statements are the effects of the COVID-19 pandemic and actions taken in response thereto, acts of war, riots or terrorism, and the impact of these acts on economic, financial and social conditions in the United States as well as our dependence on large, long-term collection, transfer and disposal contracts. More information on factors that could cause actual results or events to differ materially from those anticipated is included from time to time in our reports filed with the Securities and Exchange Commission, including our Annual Report on Form 10-K for the year ended December 31, 2020, particularly under Part I, Item 1A - Risk Factors. Additionally, new risk factors emerge from time to time and it is not possible for us to predict all such risk factors, or to assess the impact such risk factors might have on our business. We undertake 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.



We'll handle it from here.®

View original content to download multimedia: <https://www.prnewswire.com/news-releases/republic-services-inc-reports-third-quarter-2021-results-301411326.html>

SOURCE Republic Services, Inc.

Media Inquiries, Donna Egan (480) 757-9770, [media@RepublicServices.com](mailto:media@RepublicServices.com), or Investor Inquiries, Stacey Mathews (480) 718-6548, [investor@RepublicServices.com](mailto:investor@RepublicServices.com)