



***REPUBLIC***<sup>®</sup>  
***SERVICES***

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Investor Presentation

FEBRUARY 2021

Certain statements and information included herein constitute "forward-looking statements," including statements with respect to our anticipated 2021 financial results, within the meaning of the Federal Private Securities Litigation Reform Act of 1995. Words such as "will," "expect," "anticipate," "estimate," "guidance" and similar words and phrases are used in this presentation to identify the forward-looking statements. These forward-looking statements, although based on assumptions that we consider reasonable, are subject to risks and uncertainties that could cause actual results, events or conditions to differ materially from those expressed or implied by the forward-looking statements. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we can give no assurance that the expectations will prove to be correct. Other factors which could materially affect our forward-looking statements can be found in our periodic reports filed with the Securities and Exchange Commission. Stockholders, potential investors and other readers are urged to consider these factors carefully in evaluating our forward-looking statements and are cautioned not to place undue reliance on forward-looking statements. The forward-looking statements made herein are only made as of the date of this presentation, and except as required by law, we undertake no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.



# Investment Thesis

- National vertically integrated operations and high-quality asset base
- Focused on customer needs and sustainability to drive profitable growth
- Advancing use of technology to differentiate service offerings and drive operational efficiencies
- Resilient business that benefits in a strengthening economy
- Consistent earnings and free cash flow growth

# Overview

## MARKET



Provide essential services in an **\$87+ billion** environmental services industry

**Continued opportunity for consolidation** to drive growth and build scale

## REPUBLIC SERVICES

**Strong and predictable free cash flow**

**80%**

Approximately 80% of revenue has an annuity-type profile

**National footprint with diversified exposure** to franchise, large urban and small to mid-sized markets

# Business Foundation



## Market Position

**#1 or #2** leading market position in 95% of the markets we operate

Vertically integrated in **90%** of the markets we operate

**68%** internalization rate

Nearly **\$2B invested** in acquisitions over last 5 years



## Operating Model

Standardized processes to deliver operational excellence

Matrix Organization; **170** Business Units with individual P&Ls

Safety performance **~40% better** than industry average



## Talent

Attracting and retaining the best talent

High employee engagement score of **85%**

Culture of inclusion and diversity; **47% ethnically diverse**

Robust learning and development programs

# Strategy

Designed to generate profitable growth by sustainably managing our customers' needs

## Differentiating Capabilities



### CUSTOMER ZEAL

Drive customer loyalty by offering differentiated products and services specifically designed to meet our customers' needs

**Improved NPS score 7 points in 2020**



### SUSTAINABILITY

Protect our Blue Planet® by providing customers with environmentally responsible solutions

**Ambitious 2030 Sustainability Goals**



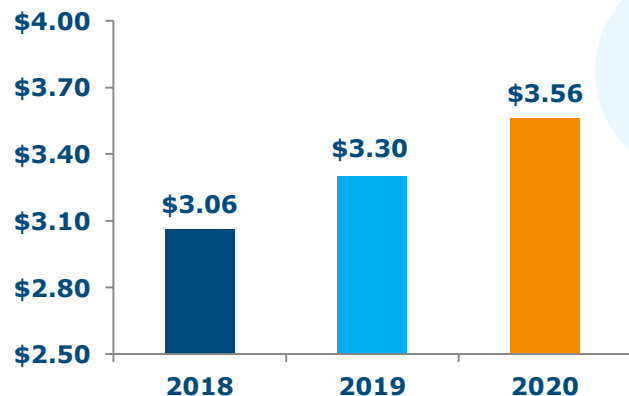
### DIGITAL

Provide a consistent experience across our business while enabling customers to do business with us the way they prefer

**RISE platform implemented in all locations**

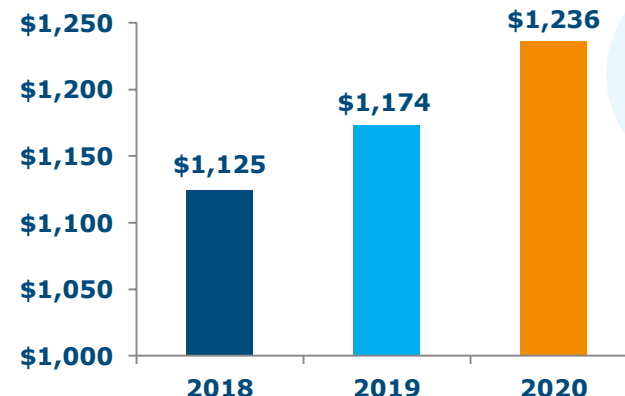
# Financial Performance

## Adjusted EPS<sup>1</sup>



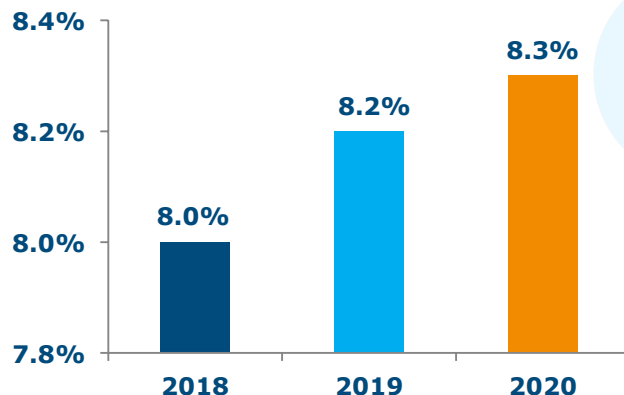
3-Yr EPS  
CAGR  
of 14%

## Adjusted Free Cash Flow<sup>1</sup>



3-Yr FCF  
CAGR  
of 10%

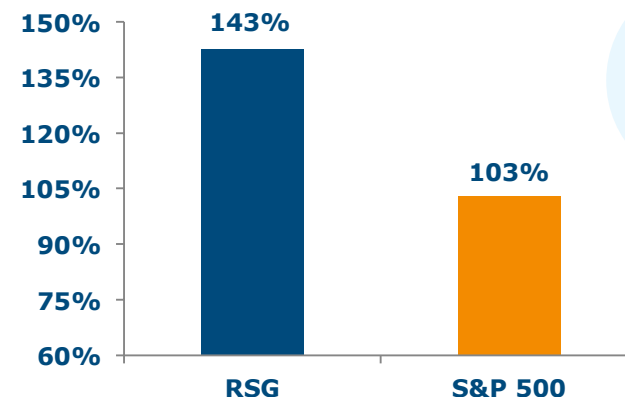
## Return on Invested Capital



Consistent  
ROIC  
growth

## 5-Year Total Shareholder Return

(period ended December 31<sup>st</sup>)

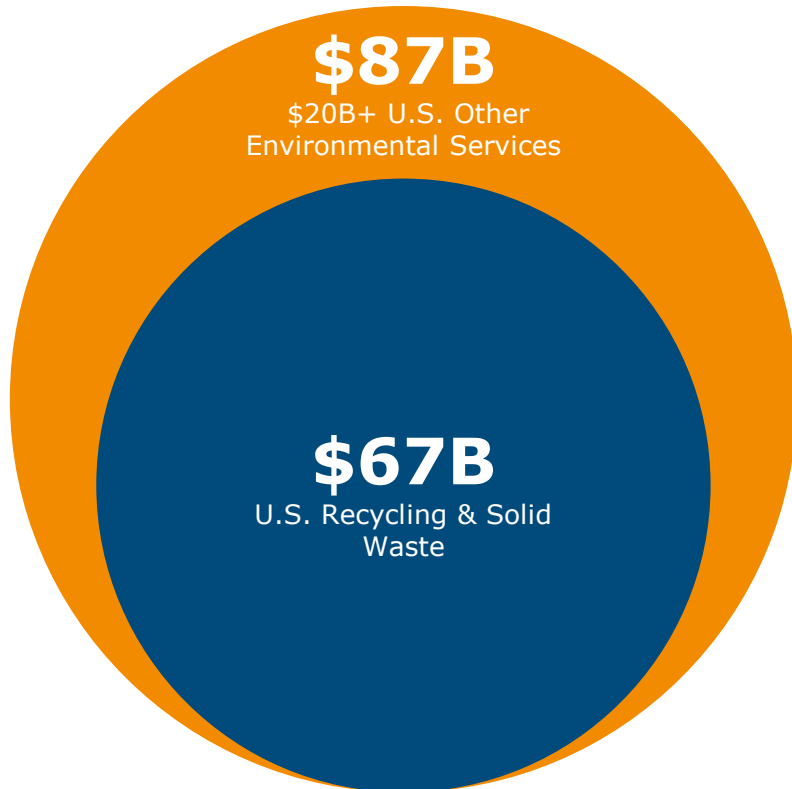


Outpaced  
S&P

<sup>1</sup> See "Reconciliation of Non-GAAP Measures" in appendix

# Where to Compete

Focusing on growth opportunities in our most profitable lines of business



## Current addressable market:

**\$67B** U.S. recycling and solid waste

**\$20B+** U.S. other environmental services

**Potential to expand addressable market** with our differentiated capabilities

### Recycling and Solid Waste:

- Prioritize investment in verticals with above average growth rates and higher return profiles

### Environmental Solutions:

- Higher growth opportunity
- Focused on downstream services

Based on management estimates

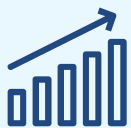




# Customer Zeal

**Customer centric culture with short and long-term initiatives to win with customers and drive loyalty**

- Seamless sales and service resolution
- Setting and exceeding customer expectations
- Empowering employees to deliver with zeal
- Expect to drive significant value by **increasing customer retention and attracting new business**



Increased NPS  
7 points in 2020

**93%**

Customer  
retention rate



Embedded in GM  
compensation plans





# Sustainability

Driving profitable growth by providing customers with environmentally responsible solutions

**100M**

Tons of material handled annually



**Operate 76 recycling centers**

**75**

Landfill gas & renewable energy projects

**2B**

Pounds of organic waste processed at 10 compost facilities



**21% of fleet powered by natural gas** and working with multiple partners on EV technology

**Ambitious 2030 sustainability goals** aligned with the United Nations' Sustainable Development Goals

## 2030 Climate Leadership Goals:



**35%**

Reduce absolute Scope 1 and 2 greenhouse gas emissions 35%

**\*APPROVED BY SBTi\***

**40%**

Increase recovery of key materials by 40% on a combined basis

**50%**

Increase biogas sent to beneficial reuse by 50%

Note: 2017 baseline year



# Digital

Using technology to differentiate service offerings with customers and drive operational efficiencies



Capture Pricing Tool

2014

2015

App & Online Account  
**Utilized by 2.4M customers**

Centralized Customer Service

2016

2016

E-Commerce  
**20% growth in online sales in 2020**

Connect Driver Communication Platform

2018

2021+

## RISE Tablets

Connecting the customer with the cab enables:

- Real-time communication
- Proactive resolution
- Demand anticipation



## Core System Modernization

2020

RISE Platform  
**Over 10.5K efficiently managed routes**

# Capital Allocation

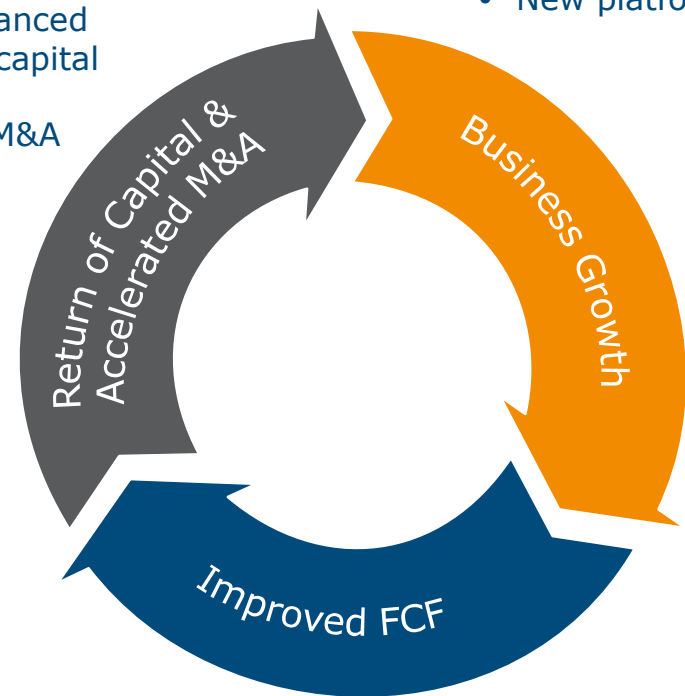
Efficient and balanced approach to cash utilization which drives shareholder value

\$1.3 billion invested in acquisitions over last 3 years

Increased annual dividend for 17 consecutive years

**\$2.7 billion cash returned** to shareholders over last 3 years

- Continue balanced approach to capital allocation
- Accelerated M&A



# Financial Overview

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# FY Guidance and Assumptions

**2021**

Adjusted Diluted EPS <sup>1</sup>	\$3.65 - \$3.73
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Adjusted Free Cash Flow <sup>1</sup>	\$1,300 - \$1,375 million
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Average Yield	Approximately 2.5%
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Volume	1.5% to 2.0%
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Adjusted EBITDA Margin <sup>1</sup>	Approximately 29.5%
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Acquisition Investment	\$600 million
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<sup>1</sup> See "Reconciliation of Non-GAAP Measures" in appendix

# Revenue by Market Type

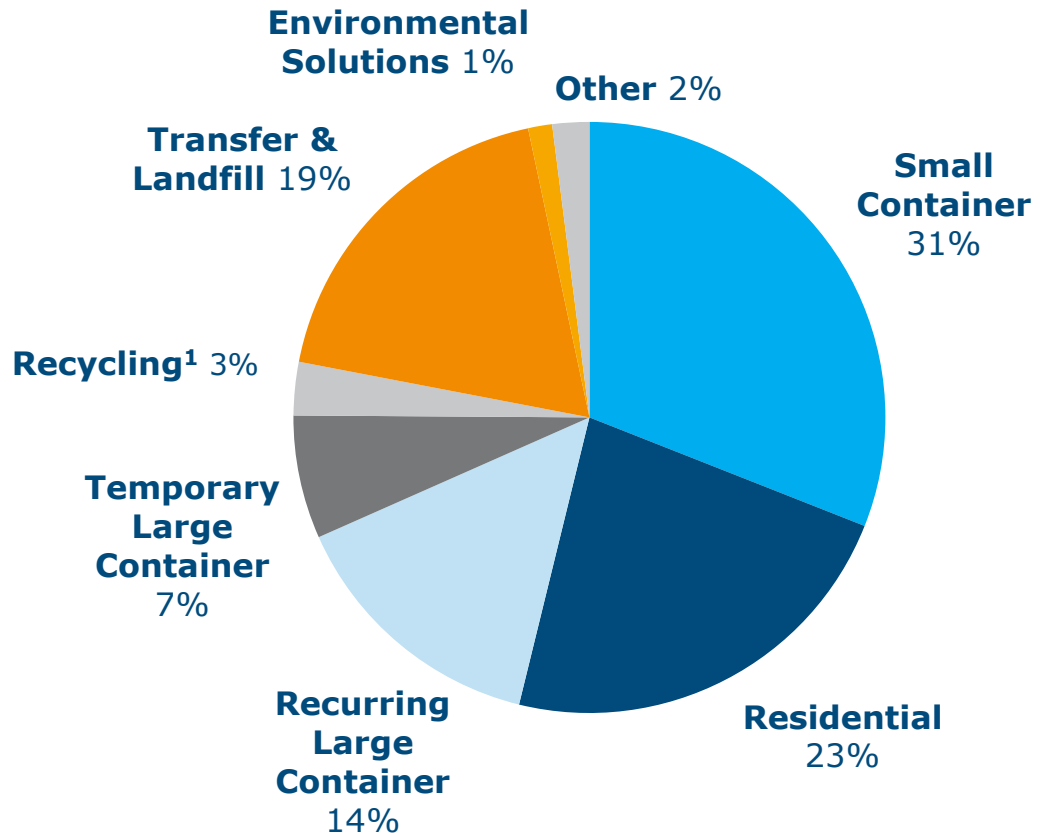
Balanced portfolio across market types

Franchise	29%	<ul style="list-style-type: none"><li>• Sole service provider</li><li>• Long-term contracts</li><li>• Optimal operating density</li></ul>
Small & Mid-Sized	33%	<ul style="list-style-type: none"><li>• Market leader</li><li>• Vertical integration</li><li>• Strong operating density</li></ul>
Large Urban	37%	<ul style="list-style-type: none"><li>• Vertical integration</li><li>• More competitive</li></ul>
Environmental Solutions	1%	<ul style="list-style-type: none"><li>• Outsized growth opportunity</li><li>• Highly fragmented service providers</li></ul>

# Revenue by Line of Business

Approximately **80%** of revenue has an annuity-type profile

Collection business represents **~75%** of total revenue



<sup>1</sup> Recycling includes recycling processing and commodity sales



# Pricing Trends

## Open Market (50%):

- Secure price increases directly with customer
- Greater pricing power



**5.6% Core Price**

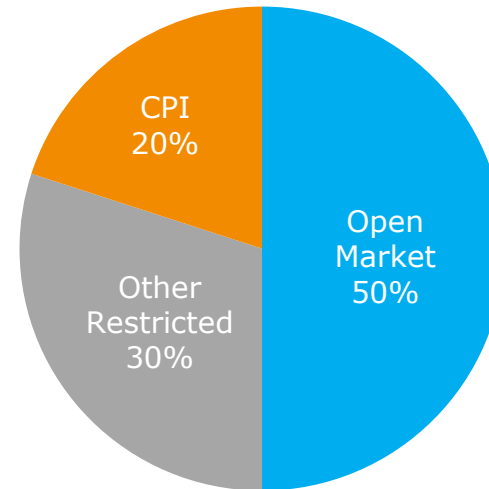
## Restricted Pricing (50%):

- Converting CPI based contracts to a more favorable index or fixed rate of 3% or greater

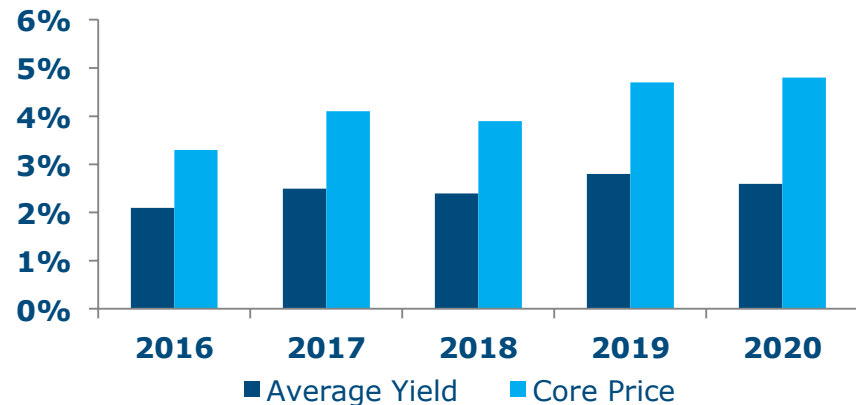


**35% Converted**

## Pricing Mechanism



## Pricing Trends



# Volume Trends

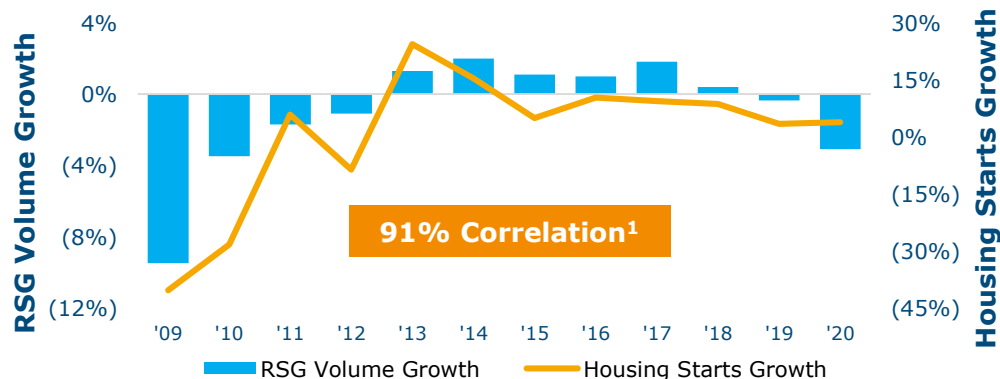
Volume driven by:

- Population growth
- Household formation
- New business formation

Resilient during a downturn

Highly correlated to housing starts

**Volume Growth vs. Housing Starts Growth**  
(lagged by one year)



**Volume Growth vs. GDP Growth**



<sup>1</sup> Correlation excludes 2020 results

# Acquisition Growth

Tuck-in acquisitions experience significant synergy capture within first year

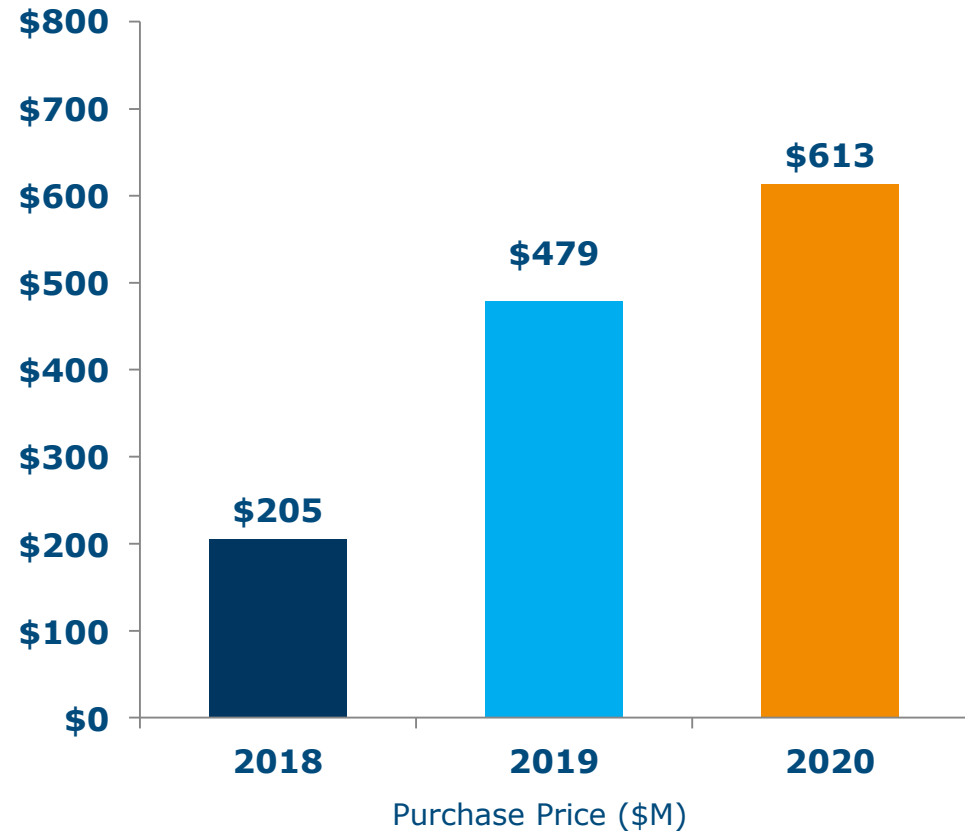
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Expand our footprint and capabilities

.....

Dedicated M&A team has built a robust pipeline

Acquisition Investment



# Margin & Free Cash Flow

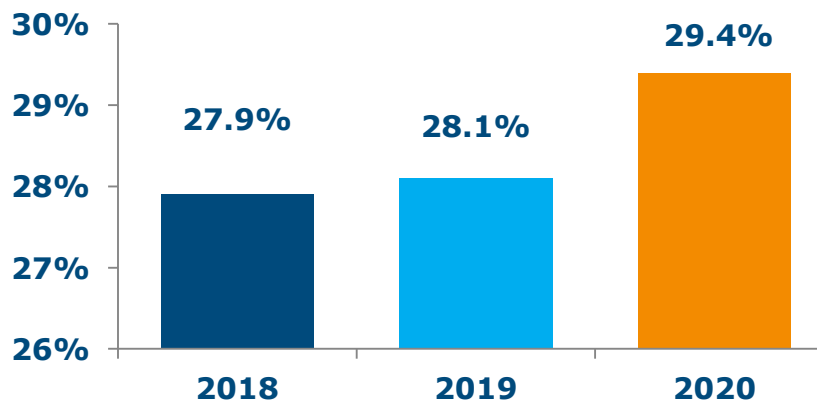
Pricing in excess of cost inflation

Reducing recycled commodity price volatility

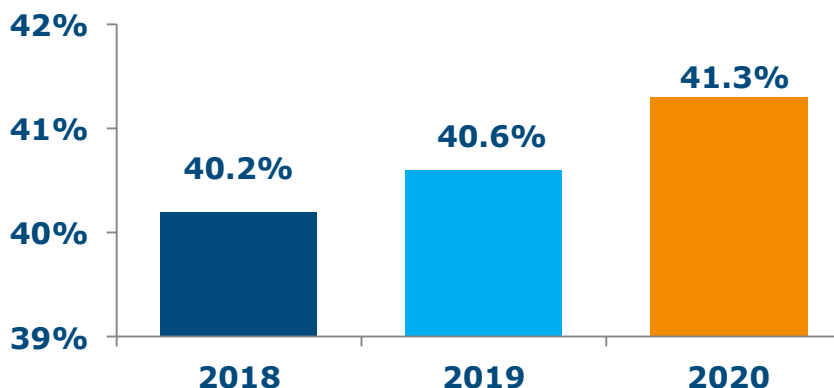
Effective cost management

Opportunity to further improve free cash flow conversion

**Adjusted EBITDA Margin<sup>1</sup>**



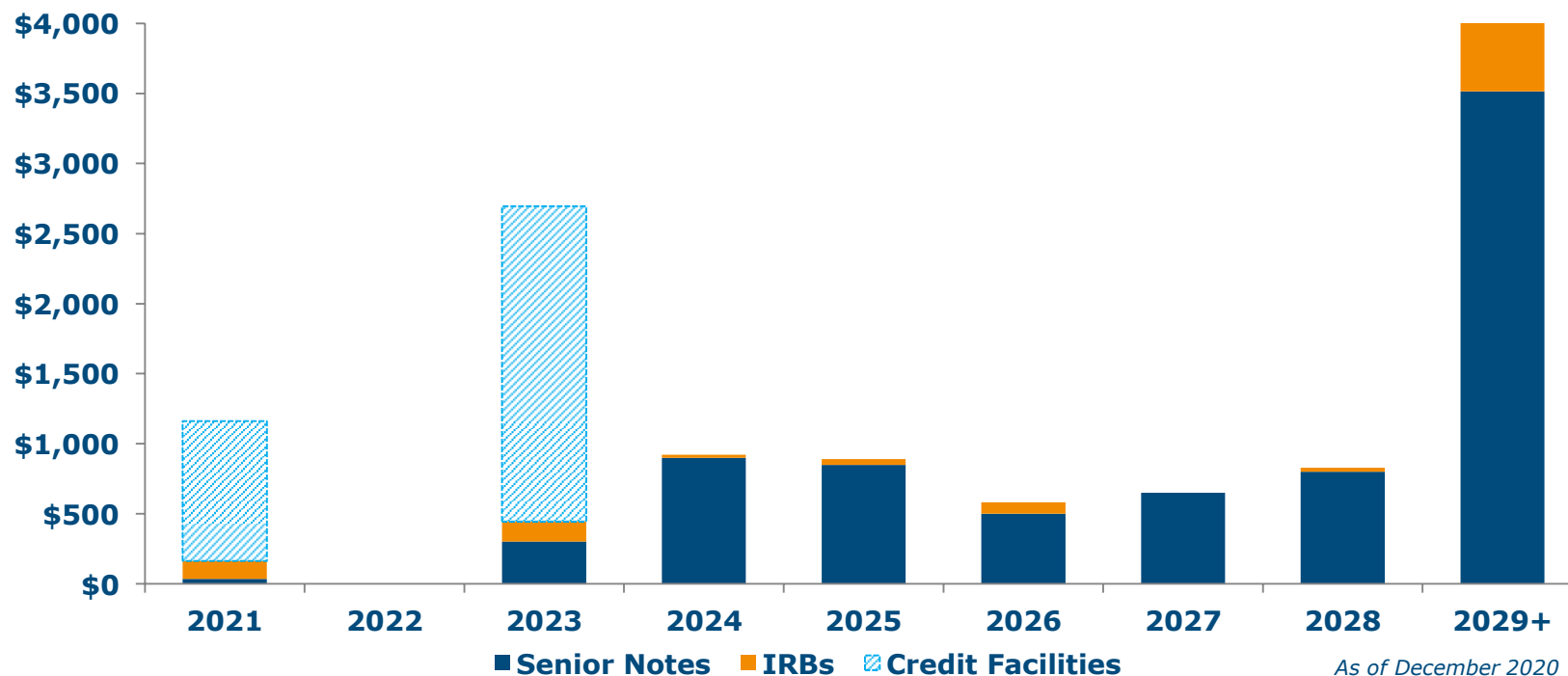
**Free Cash Flow Conversion<sup>1</sup>**



<sup>1</sup> See "Reconciliation of Non-GAAP Measures" in appendix

# Debt & Liquidity

Debt maturities well spaced



Investment grade  
credit rating

Average cash interest  
rate of 2.8%

Leverage ratio of 3.1x;  
\$2.8B of liquidity

# Tax Related Expense

## Equivalent Tax Impact

Includes tax provision and non-cash charges<sup>2</sup> associated with solar investments

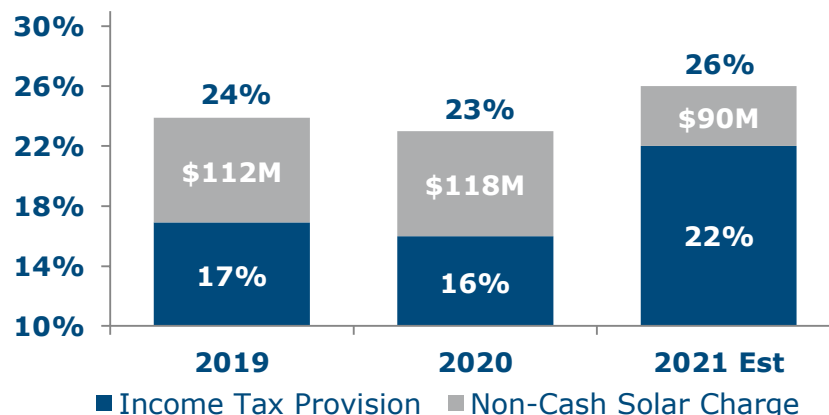
2021 estimated non-cash solar charge of \$90M

Expect long term equivalent tax impact of 27%

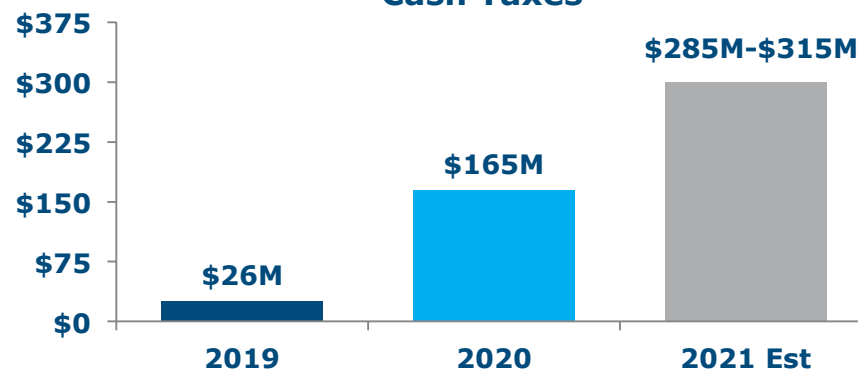
## Cash Tax

2019 and 2020 benefited from cash tax refunds

## Equivalent Tax Impact<sup>1</sup>



## Cash Taxes<sup>3</sup>



<sup>1</sup> Includes both the effective tax rate for income tax provision included in adjusted earnings per 8K filings and the non-cash solar charge

<sup>2</sup> Charge recorded in the "Loss from unconsolidated equity method investment" on the Income Statement

<sup>3</sup> Represents adjusted cash taxes included in adjusted free cash flow

# Appendix

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# EPS

## Reconciliation of Non-GAAP Measures

	FY 2018	FY 2019	FY 2020
<u>Adjusted Diluted EPS:</u>			
Diluted EPS – as reported	\$3.16	\$3.33	\$3.02
Loss on extinguishment of debt	0.00	0.00	0.23
Restructuring charges	0.06	0.04	0.05
Loss (gain) on business divestitures and impairment, net	(0.08)	(0.03)	0.21
Incremental contract startup costs – large municipal contract	0.01	0.00	0.00
Withdrawal costs – multiemployer pension	0.00	0.00	0.08
Fire-damage related costs	0.00	0.02	0.00
Bridgeton insurance recovery	(0.09)	(0.06)	(0.03)
Adjusted Diluted EPS	<b>\$3.06</b>	<b>\$3.30</b>	<b>\$3.56</b>



# Free Cash Flow

## Reconciliation of Non-GAAP Measures

	FY 2018	FY 2019	FY 2020
<u>Adjusted Free Cash Flow:</u> (\$ in millions)			
Cash provided by operating activities	\$2,242.8	\$2,352.1	\$2,471.6
Property and equipment received	(1,157.7)	(1,215.8)	(1,240.6)
Proceeds from sales of property and equipment	31.6	21.7	30.1
Cash paid related to withdrawal costs, net of tax	0.0	0.0	25.4
Restructuring payments, net of tax	18.2	7.8	11.5
Divestiture related tax (benefits) payments	20.2	7.8	(9.7)
Bridgeton insurance recovery, net of tax	(30.5)	0.0	(26.4)
Cash tax benefit for debt extinguishment and other related costs	0.0	0.0	(26.0)
<b>Adjusted Free Cash Flow</b>	<b>\$1,124.6</b>	<b>\$1,173.6</b>	<b>\$1,235.9</b>
<b>Free Cash Flow Conversion</b> (adjusted free cash flow / adjusted EBITDA)	<b>40.2%</b>	<b>40.6%</b>	<b>41.3%</b>

# EBITDA

## Reconciliation of Non-GAAP Measures

	FY 2018	FY 2019	FY 2020
<u>Adjusted EBITDA:</u>			
(\$ in millions)			
Net income attributable to Republic Services, Inc.	\$1,036.9	\$1,073.3	\$967.2
Net income attributable to non-controlling interests	0.7	0.5	2.4
Provision for income taxes	283.3	222.0	173.1
Other income, net	(3.4)	(6.4)	(4.1)
Interest income	(1.6)	(6.4)	(5.2)
Interest expense	383.8	392.0	355.6
Depreciation, amortization and depletion	1,033.4	1,040.5	1,075.9
Accretion	80.7	81.9	82.9
Loss from unconsolidated equity method investment	35.8	112.2	118.2
Loss on extinguishment of debt and other related costs	0.3	0.0	101.9
Restructuring charges	26.4	14.2	20.0
Loss (gain) on business divestitures and impairments, net	(44.9)	(14.7)	77.7
Incremental contract startup costs – large municipal contract	5.8	0.7	0.0
Fire-damage related costs	0.0	7.7	0.0
Withdrawal costs – multiemployer pension	0.0	0.0	34.5
Bridgeton insurance recovery	(40.0)	(24.0)	(10.8)
Adjusted EBITDA	<b>\$2,797.2</b>	<b>\$2,893.5</b>	<b>\$2,989.3</b>

# 2021 Guidance

## Reconciliation of Non-GAAP Measures

**FY 2021**

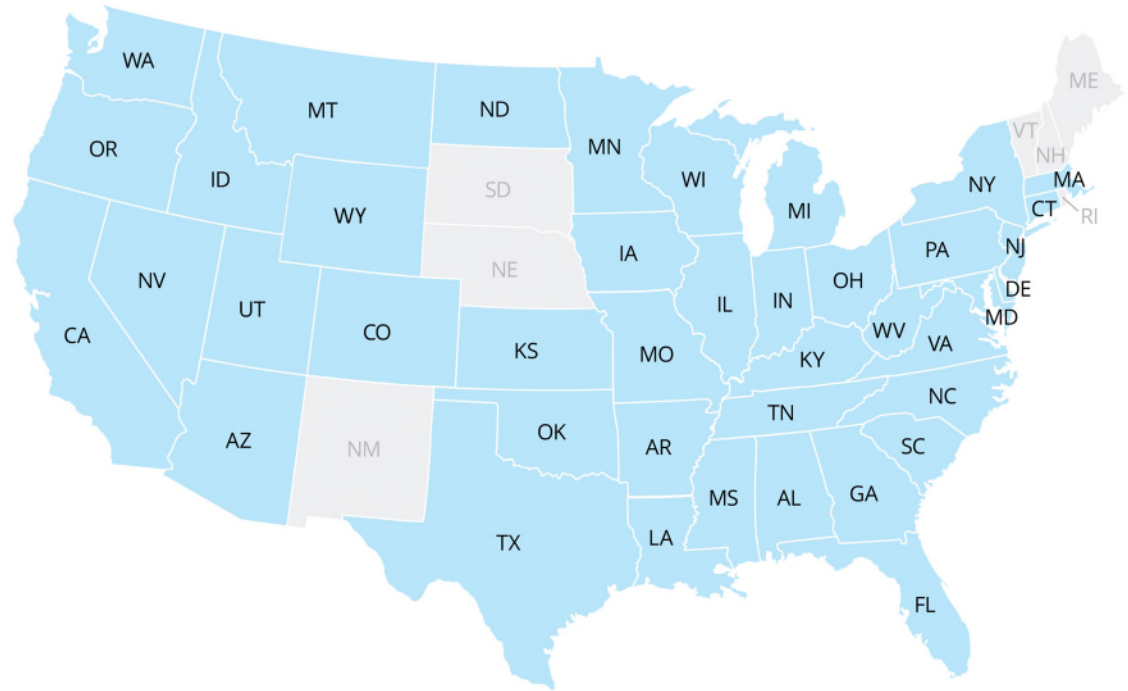
### Adjusted Diluted Earnings Per Share:

Diluted Earnings per share	\$3.61 - \$3.68
Restructuring charges	0.04-0.05
Adjusted diluted earnings per share	<b>\$3.65 - \$3.73</b>

### Adjusted Free Cash Flow:

Cash provided by operating activities	\$2,450 - \$2,570
Property and equipment received	(1,175 - 1,225)
Proceeds from the sale of property and equipment	15
Restructuring payments, net of tax	10-15
Adjusted free cash flow	<b>\$1,300 - \$1,375</b>

# National Footprint



**41**

States

**345**

Collection Operations

**220**

Transfer Stations

**186**

Active Landfills

**76**

Recycling Processing Centers

**6**

Treatment, Recovery and Disposal Facilities

**9**

Salt Water Disposal Wells

**7**

Deep Injection Wells

**75**

Landfill Gas and Renewable Energy Projects



# 35K

Employees



# 5M

Average Daily Pickups



# 41

States



# 6M

Tons Of Materials  
Processed Per Year



# 16K

Trucks In Our Fleet



# 186

Active Modern Day  
Landfills



# 76

Recycling Centers



# 75

LFGE Projects



# 345

Collection Operations

# 2030 Sustainability Goals



SAFETY

## Safety Amplified

**0**

Employee Fatalities

**<2.0**

Reduce our OSHA Total Recordable Incident Rate (TRIR) to 2.0 or less by 2030



PEOPLE

## Engaged Workforce

**88%**

Achieve and maintain employee engagement scores at or above 88% by 2030



CLIMATE  
LEADERSHIP

## Climate Leadership

**35%**

Reduce absolute Scope 1 and 2 greenhouse gas emissions 35% by 2030 (2017 baseline year)  
**\*APPROVED BY SBTI\***

**40%**

Increase recovery of key materials by 40% on a combined basis by 2030 (2017 baseline year)

**50%**

Increase biogas sent to beneficial reuse by 50% by 2030 (2017 baseline year)



COMMUNITIES

## Charitable Giving

**20M**

Positively impact **20 million people** by 2030

# Industry Leading Performance

