



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



Investor Presentation

March 2022

Certain statements and information included herein constitute "forward-looking statements," including statements with respect to our anticipated 2022 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

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Provide essential services in an **\$91+ billion** environmental services industry

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

## REPUBLIC SERVICES

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**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 **\$3B invested** in acquisitions over last 5 years



## Operating Model

Standardized processes to deliver operational excellence

Matrix Organization; **176** Business Units with individual P&Ls

Safety performance **38% better** than industry average



## Talent

Attracting and retaining the best talent

High employee engagement score of **84%**

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

Robust learning and development programs

# Strategy

Designed to generate profitable growth by partnering with customers to create a more sustainable world

## Differentiating Capabilities



### **CUSTOMER ZEAL**

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

**NPS remains well above pre-pandemic scores**



### **DIGITAL**

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

**RISE tablets being implemented across fleet**



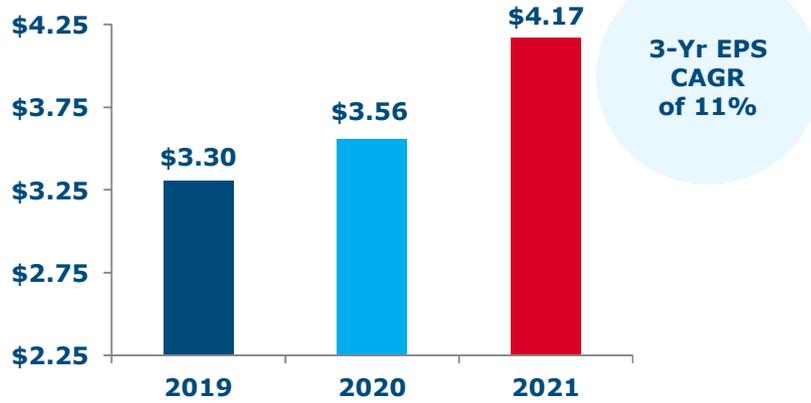
### **SUSTAINABILITY**

Provide customers with sustainable solutions that support a cleaner, safer and healthier world

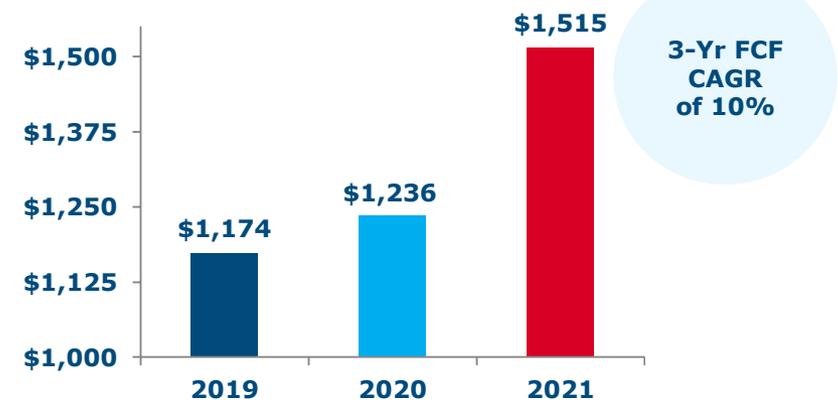
**Ambitious 2030 Sustainability Goals**

# Financial Performance

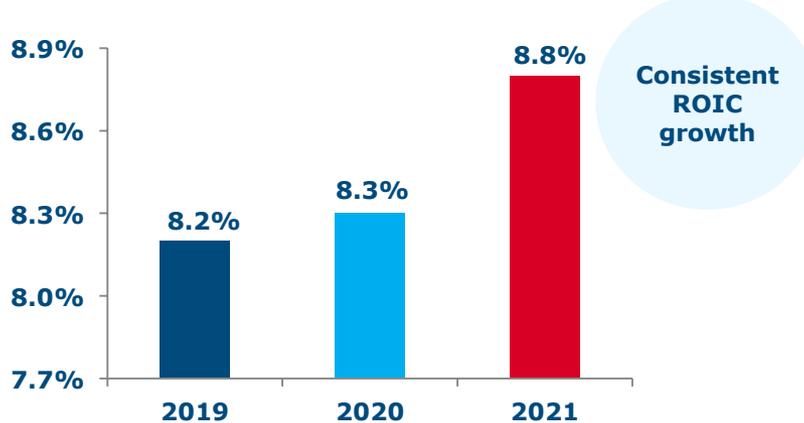
## Adjusted EPS<sup>1</sup>



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

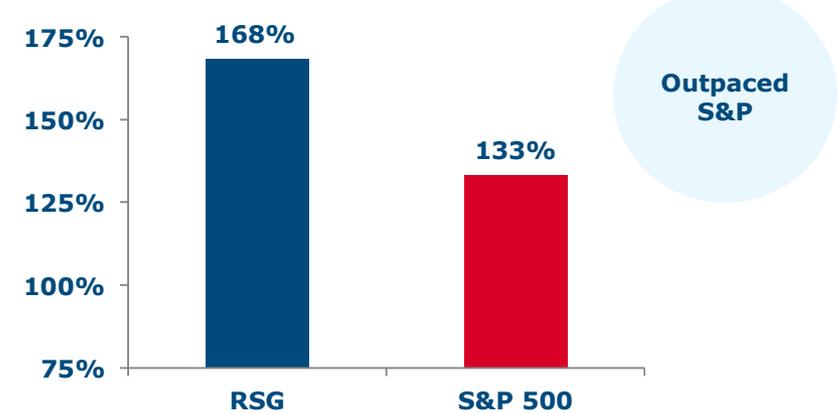


## Return on Invested Capital



## 5-Year Total Shareholder Return

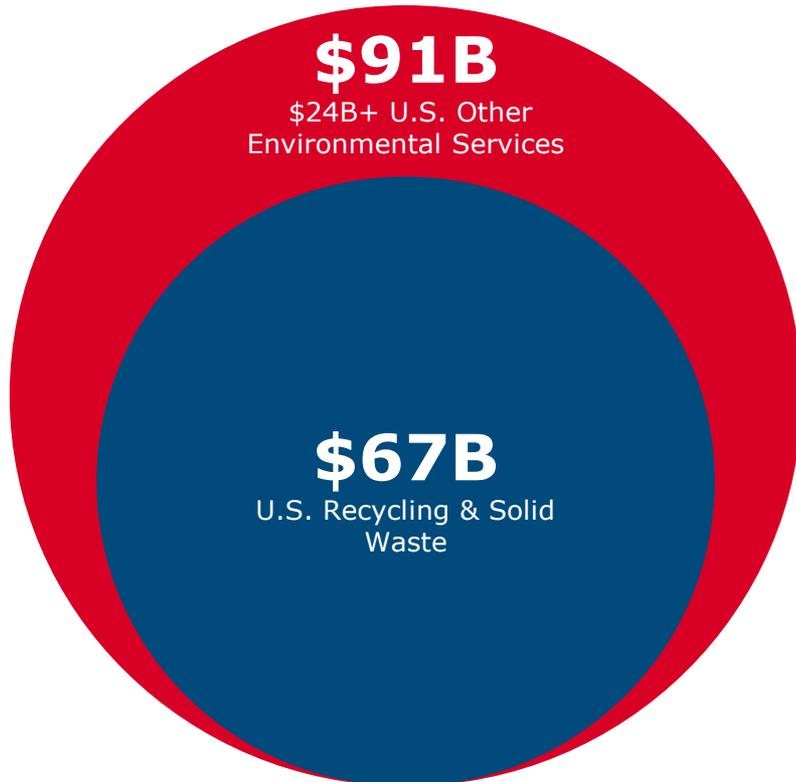
(period ended December 31<sup>st</sup>)



<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

**\$24B+** 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 industrial and manufacturing sectors

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**



NPS remains well above pre-pandemic scores

**95%**

Customer retention rate



Embedded in GM compensation plans





# Digital

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



Capture Pricing Tool

Centralized Customer Service

Connect Driver Communication Platform

## 2022+

### RISE Tablets

Connecting the customer with the cab enables:

- Real-time communication
- Proactive resolution
- Demand anticipation



### Core System Modernization

2014

2015

2016

2016

2018

2020

2021

App & Online Account  
**Utilized by 2.5M customers**

E-Commerce  
**49% growth in online sales since 2019**

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

RISE Tablets  
**1M+ automated customer notifications sent**



# Sustainability

Driving profitable growth by providing customers with environmentally responsible solutions

**110M**

Tons of material handled annually



**Operate 71 recycling centers**

**77**

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\***

**10% Interim reduction target by 2025**

**40%**

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

**50%**

Increase biogas sent to beneficial reuse by 50%

# Capital Allocation

Efficient and balanced approach to cash utilization which drives shareholder value

\$2.2 billion invested in acquisitions over last 3 years

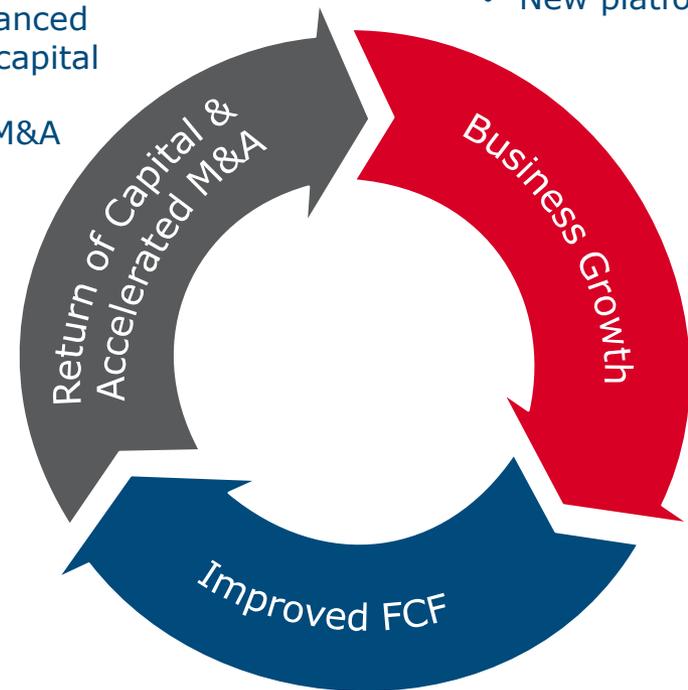
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Increased annual dividend for 18 consecutive years

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**\$2.3 billion cash returned** to shareholders over last 3 years

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



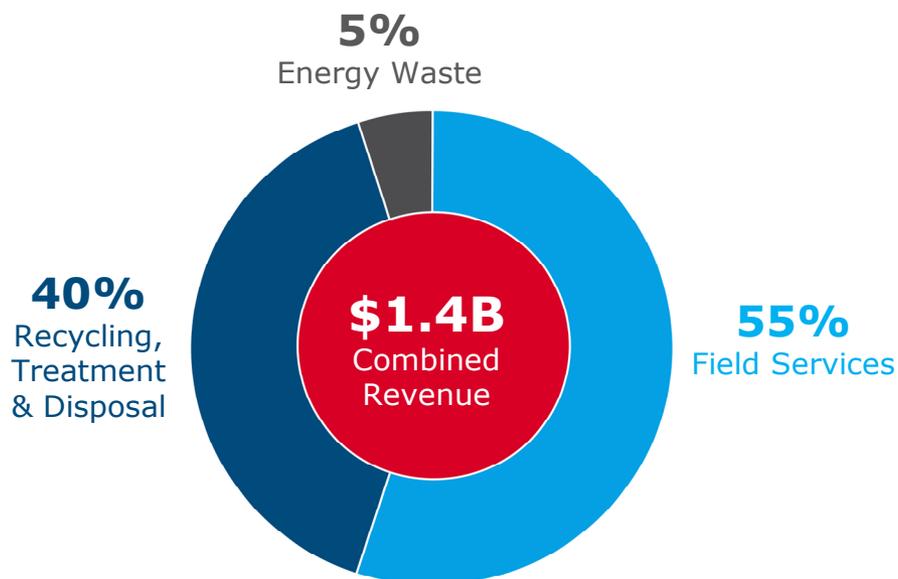
- Organic growth
- Tuck-ins
- New platforms

- Improved market vertical mix
- Differentiating capabilities
- Commitment to FCF conversion

# Acquisition of US Ecology

Continuing to expand environmental solutions footprint and capabilities with the pending acquisition of US Ecology

## Proforma Environmental Solutions Revenue



Based on management estimates



Vertically integrated national platform



Cross-selling opportunity estimated at \$75M-\$100M



\$40M expected cost synergies



Immediately accretive with double-digit return

# Financial Overview

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# FY 2022 Guidance

## Guidance<sup>1</sup>

|                                      |                           |
|--------------------------------------|---------------------------|
| Adjusted Diluted EPS <sup>2</sup>    | \$4.58 - \$4.65           |
| Adjusted Free Cash Flow <sup>2</sup> | \$1,625 - \$1,675 million |
| Average Yield                        | 3.4%                      |
| Volume                               | 1.5% - 2.0%               |
| Margin Expansion                     | 30bps - 40bps             |
| Acquisition Investment               | \$500 million             |

<sup>1</sup> Guidance does not contemplate the impact from the pending acquisition of US Ecology, Inc.

<sup>2</sup> See "Reconciliation of Non-GAAP Measures" in appendix

# Revenue by Market Type

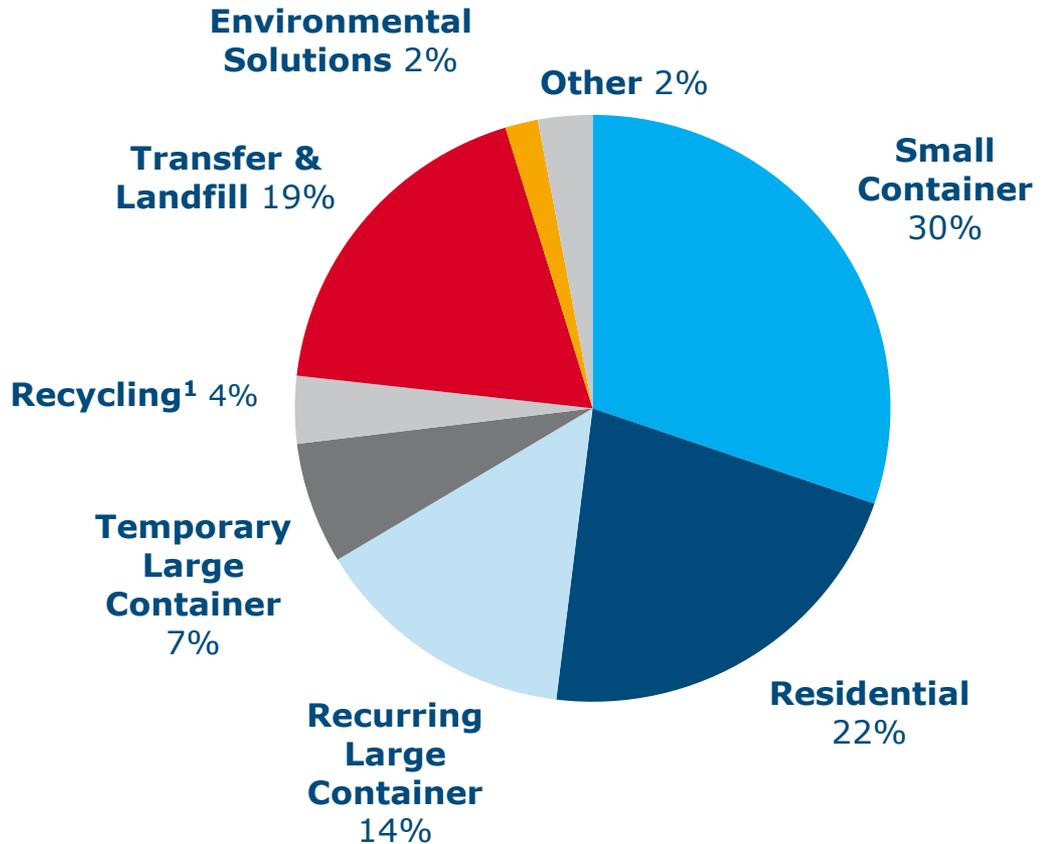
Balanced portfolio across market types

|                         |     |   |
|-------------------------|-----|---|
| Franchise               | 28% | <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 | 2%  | <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



**6.0% 2021 Core Price**

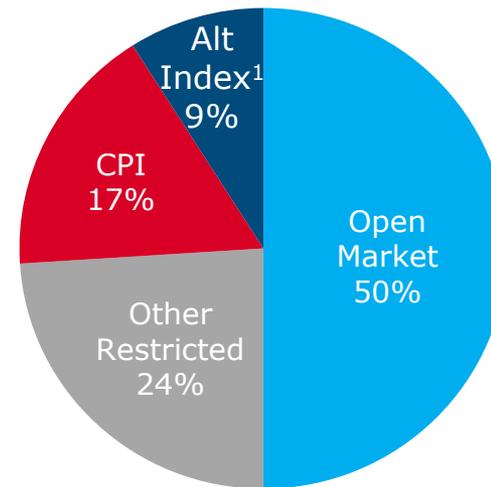
## Restricted Pricing (50%):

- Converting CPI based contracts to an alternative index<sup>1</sup> or a fixed rate of 3% or greater which better reflects our costs

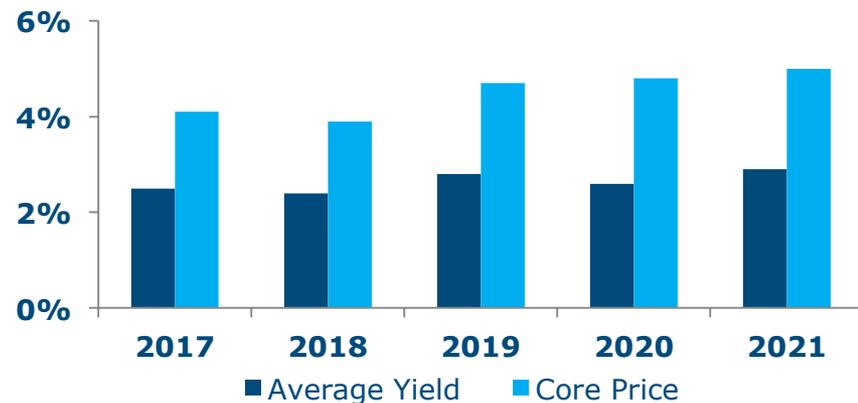


**41% Converted**

Pricing Mechanism



Pricing Trends



<sup>1</sup> Alternative Index includes Water/Sewer/Trash and Garbage/Trash

# 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

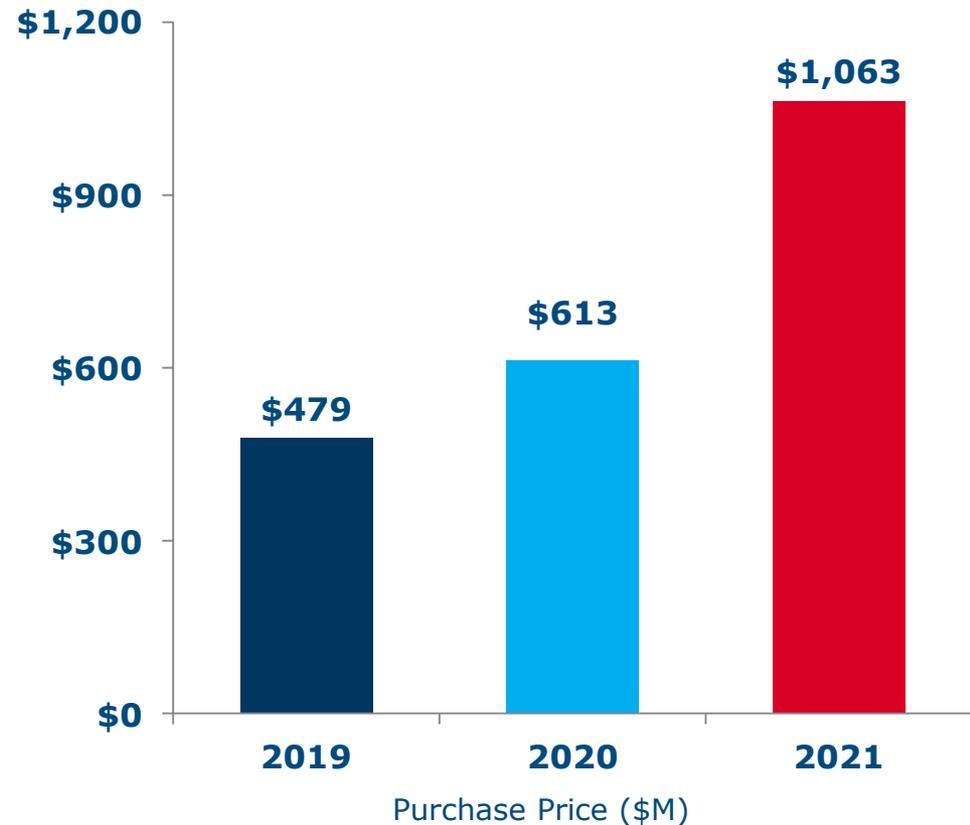
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Expand our footprint and capabilities

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Dedicated M&A team has built a robust pipeline

## Acquisition Investment



# Margin & Free Cash Flow

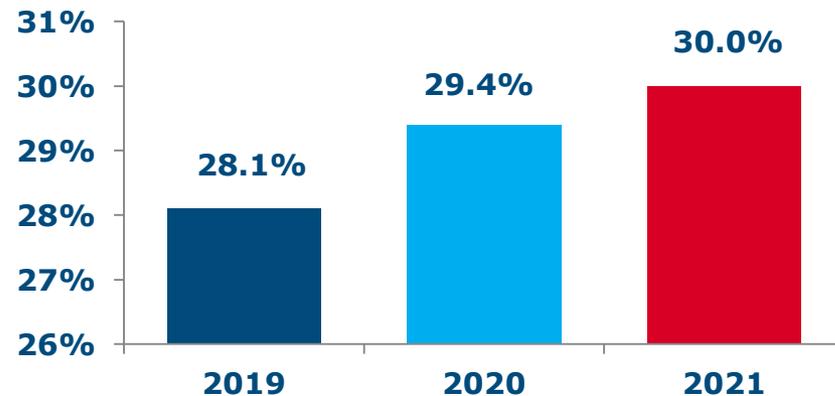
Pricing in excess of cost inflation

Reducing recycled commodity price volatility

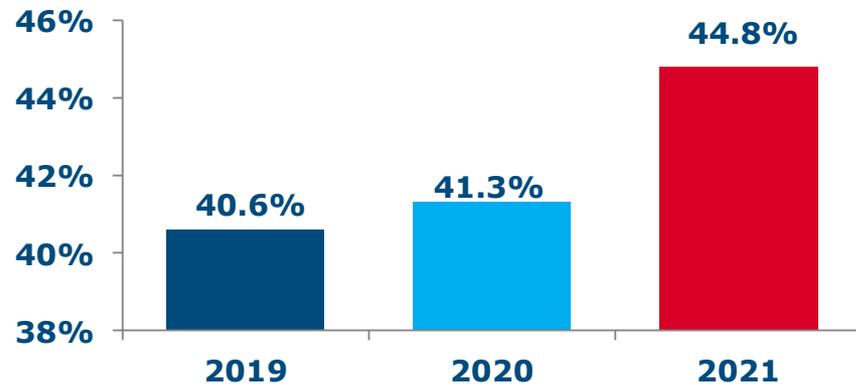
Effective cost management

Opportunity to further improve free cash flow conversion

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

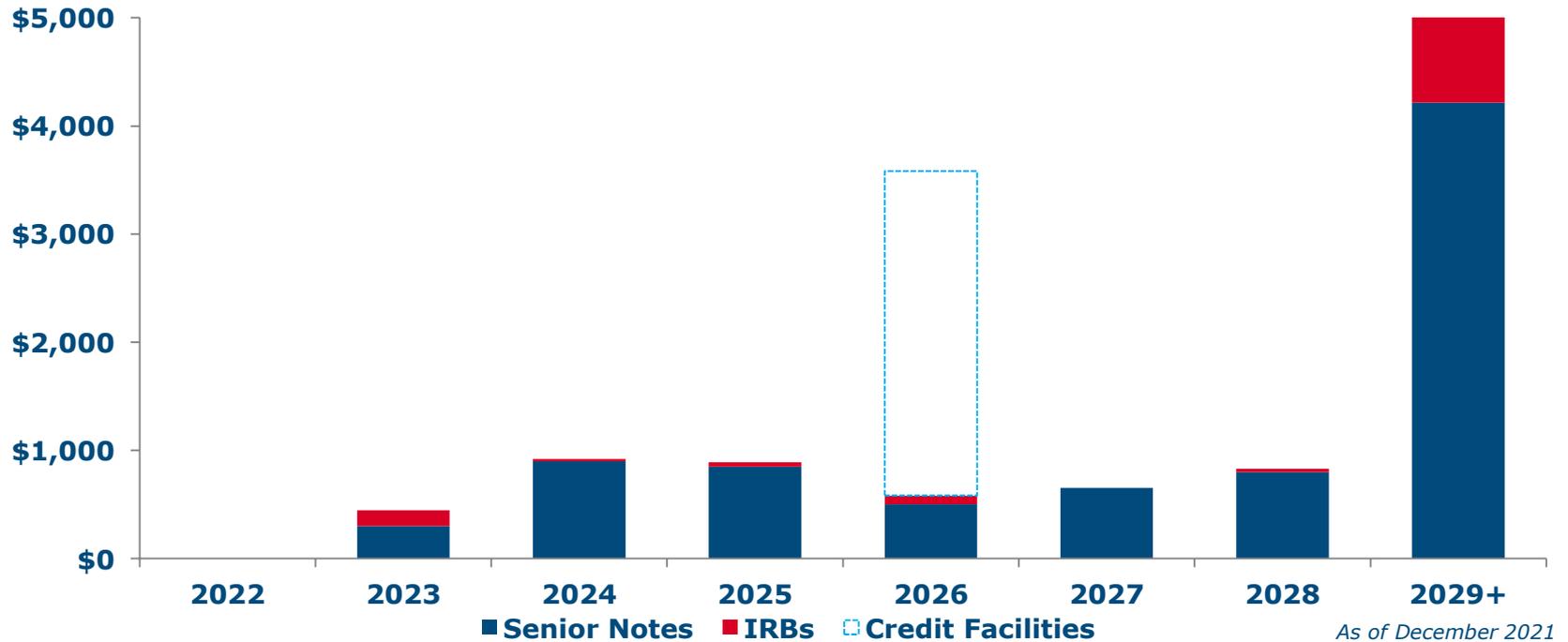


### Free Cash Flow Conversion<sup>1</sup>



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

# Debt & Liquidity



Investment grade credit rating

Average cash interest rate of 2.7%

Leverage ratio of 2.9x

# Tax Related Expense

## Equivalent Tax Impact

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

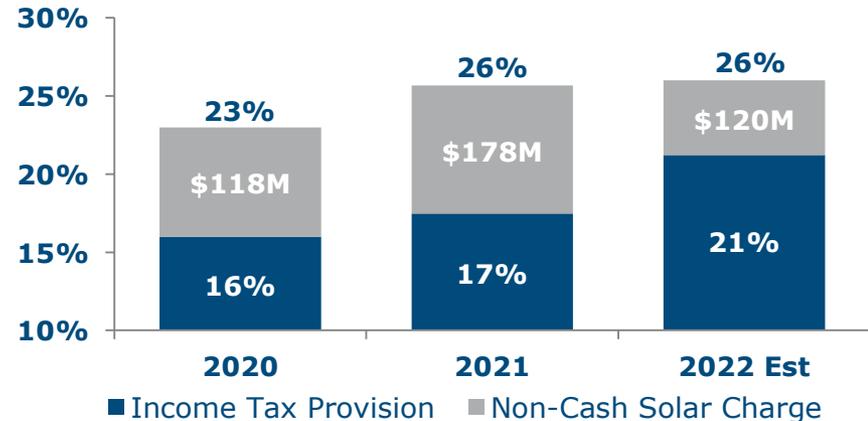
2021 non-cash solar charge of \$178M

Expect long term equivalent tax impact of 27%

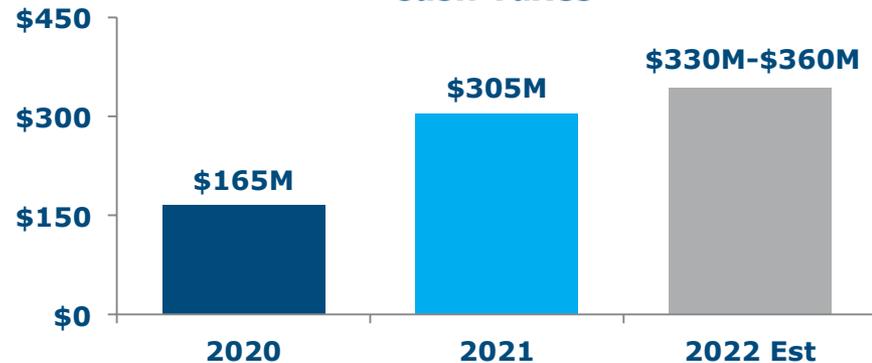
## Cash Tax

2020 includes 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 per 8K filings

# Appendix

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# EPS

## Reconciliation of Non-GAAP Measures

|  | FY 2019       | FY 2020       | FY 2021       |
|--|---------------|---------------|---------------|
| <u>Adjusted Diluted EPS:</u>                             |               |               |               |
| Diluted EPS – as reported                                | \$3.33        | \$3.02        | \$4.04        |
| Loss on extinguishment of debt                           | 0.00          | 0.23          | 0.00          |
| Restructuring charges                                    | 0.04          | 0.05          | 0.04          |
| Loss (gain) on business divestitures and impairment, net | (0.03)        | 0.21          | 0.02          |
| Withdrawal costs – multiemployer pension                 | 0.00          | 0.08          | 0.00          |
| Fire-damage related costs                                | 0.02          | 0.00          | 0.00          |
| Accelerated vesting of comp expense for CEO transition   | 0.00          | 0.00          | 0.07          |
| Bridgeton insurance recovery                             | (0.06)        | (0.03)        | 0.00          |
| <b>Adjusted Diluted EPS</b>                              | <b>\$3.30</b> | <b>\$3.56</b> | <b>\$4.17</b> |

# Free Cash Flow

## Reconciliation of Non-GAAP Measures

|  | FY 2019          | FY 2020          | FY 2021          |
|--|------------------|------------------|------------------|
| <u>Adjusted Free Cash Flow:</u>  |                  |                  |                  |
| (\$ in millions)   |                  |                  |                  |
| Cash provided by operating activities  | \$2,352.1        | \$2,471.6        | \$2,786.7        |
| Property and equipment received  | (1,215.8)        | (1,240.6)        | (1,303.6)        |
| Proceeds from sales of property and equipment                                | 21.7             | 30.1             | 19.5             |
| MEPP withdrawal liability payments, net of tax                               | 0.0              | 25.4             | 0.0              |
| Restructuring payments, net of tax   | 7.8              | 11.5             | 12.7             |
| Divestiture related tax (benefits) payments                                  | 7.8              | (9.7)            | (0.1)            |
| Bridgeton insurance recovery, net of tax                                     | 0.0              | (26.4)           | 0.0              |
| Cash tax benefit for debt extinguishment and other related costs             | 0.0              | (26.0)           | 0.0              |
| <b>Adjusted Free Cash Flow</b>   | <b>\$1,173.6</b> | <b>\$1,235.9</b> | <b>\$1,515.2</b> |
| <b>Free Cash Flow Conversion</b> (adjusted free cash flow / adjusted EBITDA) | <b>40.6%</b>     | <b>41.3%</b>     | <b>44.8%</b>     |

# EBITDA

## Reconciliation of Non-GAAP Measures

|  | FY 2019          | FY 2020          | FY 2021          |
|--|------------------|------------------|------------------|
| <u>Adjusted EBITDA:</u> (\$ in millions)                       |                  |                  |                  |
| Net income attributable to Republic Services, Inc.             | \$1,073.3        | \$967.2          | \$1,290.4        |
| Net income attributable to non-controlling interests           | 0.5              | 2.4              | 1.9              |
| Provision for income taxes                                     | 222.0            | 173.1            | 282.8            |
| Other income, net  | (6.4)            | (4.1)            | 0.5              |
| Interest income  | (6.4)            | (5.2)            | (2.5)            |
| Interest expense   | 392.0            | 355.6            | 314.6            |
| Depreciation, amortization and depletion                       | 1,040.5          | 1,075.9          | 1,185.5          |
| Accretion  | 81.9             | 82.9             | 82.7             |
| Loss from unconsolidated equity method investment              | 112.2            | 118.2            | 188.5            |
| Loss on extinguishment of debt and other related costs         | 0.0              | 101.9            | 0.0              |
| Restructuring charges  | 14.2             | 20.0             | 16.6             |
| Loss (gain) on business divestitures and impairments, net      | (14.7)           | 77.7             | 0.5              |
| Incremental contract startup costs – large municipal contract  | 0.7              | 0.0              | 0.0              |
| Fire-damage related costs                                      | 7.7              | 0.0              | 0.0              |
| Withdrawal costs – multiemployer pension                       | 0.0              | 34.5             | 0.0              |
| Accelerated vesting of compensation expense for CEO transition | 0.0              | 0.0              | 22.0             |
| Bridgeton insurance recovery                                   | (24.0)           | (10.8)           | 0.0              |
| <b>Adjusted EBITDA</b>   | <b>\$2,893.5</b> | <b>\$2,989.3</b> | <b>\$3,383.5</b> |

# 2022 Guidance

## Reconciliation of Non-GAAP Measures

FY 2022

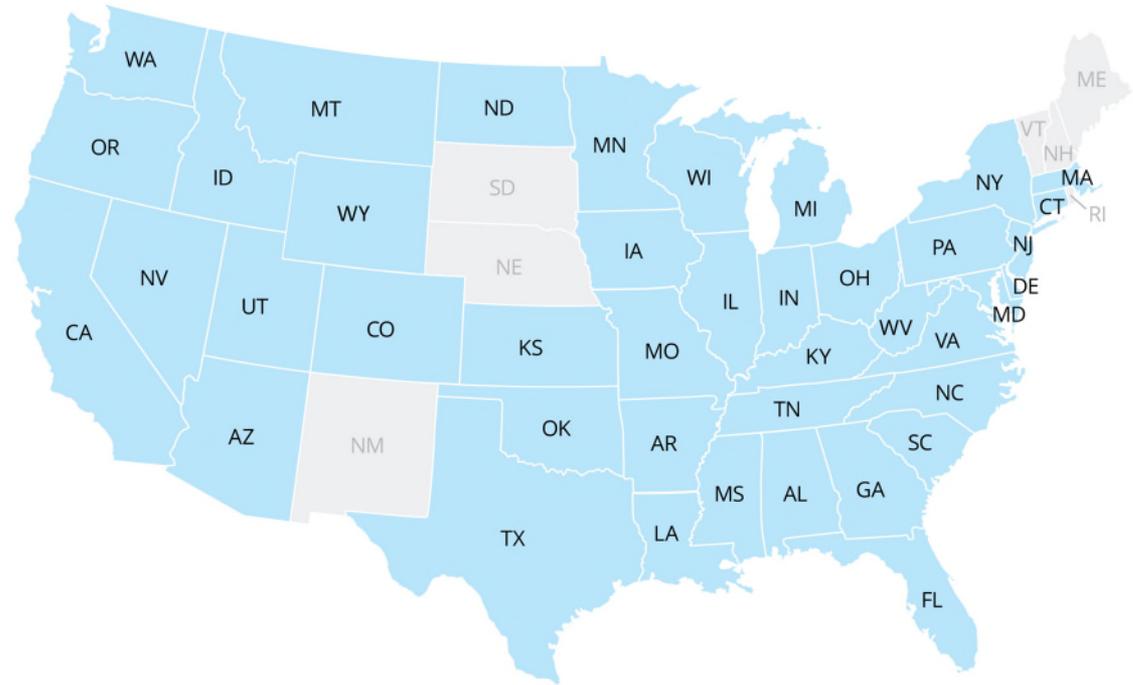
### Adjusted Diluted Earnings Per Share:

|                                     |                        |
|-------------------------------------|------------------------|
| Diluted earnings per share          | \$4.53 - \$4.60        |
| Restructuring charges               | 0.05                   |
| Adjusted diluted earnings per share | <b>\$4.58 - \$4.65</b> |

### Adjusted Free Cash Flow:

|  |                          |
|--|--------------------------|
| Cash provided by operating activities            | \$2,910 - \$2,980        |
| Property and equipment received                  | (1,320 - 1,340)          |
| Proceeds from the sale of property and equipment | 20                       |
| Restructuring payments, net of tax               | 15                       |
| Adjusted free cash flow                          | <b>\$1,625 - \$1,675</b> |

# National Footprint



**41**  
States

**356**  
Collection Operations

**239**  
Transfer Stations

**198**  
Active Landfills

**71**  
Recycling Processing Centers

**3**  
Treatment, Recovery and  
Disposal Facilities

**6**  
Saltwater Disposal Wells

**7**  
Deep Injection Wells

**77**  
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



# 198

Active Modern-Day  
Landfills



# 71

Recycling Centers



# 77

Renewable Energy Projects



# 356

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\***

**10%**

Interim reduction target by 2025

**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



BARRON'S  
Most Sustainable  
Companies  
2021

**FORTUNE**  
WORLD'S MOST  
**ADMIRED**  
COMPANIES<sup>®</sup> 2021



2021  
**People**  
COMPANIES  
THAT CARE



Member of  
**Dow Jones**  
Sustainability Indices

Powered by the S&P Global CSA

Sustainability Yearbook  
Member 2021

**S&P Global**