

# WASTE MANAGEMENT

## INVESTOR PRESENTATION

May 2020



# CAUTIONARY STATEMENT

Waste Management, Inc. (together with its subsidiaries, “Waste Management” or “the Company”), from time to time, provides estimates of financial and other data, comments on expectations relating to future periods and makes statements of opinion, view or belief about current and future events. This presentation contains a number of such forward-looking statements, including but not limited to, all statements regarding future performance or financial results of our business; responses and impacts of COVID-19; future liquidity, dividends and balance sheet strength; future free cash flow; share repurchases; future investments; future strategy and execution of strategic initiatives; and discussion of the business outlook. Such forward-looking statements also include statements about Advanced Disposal Services, Inc. (“Advanced Disposal”) and the proposed acquisition, including but not limited to any statements about the timing and approvals of the proposed acquisition; ability to consummate the acquisition; integration of the acquisition; future operations; future capital allocation; future business and financial performance of Waste Management and Advanced Disposal; future leverage ratio; and all outcomes of the proposed acquisition, including synergies, cost savings, and impact on earnings, cash flow and margin, return on capital, strength of the balance sheet and credit ratings. You should view these statements with caution. They are based on the facts and circumstances known to the Company as of the date the statements are made. These forward-looking statements are subject to risks and uncertainties that could cause actual results to be materially different from those set forth in such forward-looking statements, including but not limited to, increased competition; pricing actions; failure to implement our optimization, growth, and cost savings initiatives and overall business strategy; failure to identify acquisition targets and negotiate attractive terms; failure to consummate or integrate the acquisition of Advanced Disposal or other acquisitions; failure to obtain the results anticipated from the acquisition of Advanced Disposal or other acquisitions; environmental and other regulations, including developments related to emerging contaminants and renewable fuel; commodity price fluctuations; international trade restrictions; weakness in general economic conditions and capital markets; public health risk and other impacts of COVID-19 or similar pandemic conditions, including increased costs, social and commercial disruption, service reductions and other adverse effects on our business, financial condition, results of operations and cash flows; failure to obtain

and maintain necessary permits; disposal alternatives and waste diversion; declining waste volumes; failure to develop and protect new technology; failure of technology to perform as expected, including implementation of a new enterprise resource planning system; failure to prevent, detect and address cybersecurity incidents or comply with privacy regulations; significant environmental or other incidents resulting in liabilities and brand damage; significant storms and destructive events influenced by climate change; labor disruptions; impairment charges; and negative outcomes of litigation or governmental proceedings. Please also see the Company’s filings with the SEC, including the “Risk Factors” in the Company’s most recently filed Annual Report on Form 10-K as updated by our subsequent quarterly reports on Form 10-Q, for additional information regarding these and other risks and uncertainties applicable to its business. The Company assumes no obligation to update any forward-looking statement, including financial estimates and forecasts, whether as a result of future events, circumstances or developments or otherwise.

## NON-GAAP FINANCIAL MEASURES

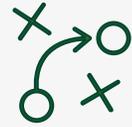
This presentation contains non-GAAP financial measures under Regulation G of the Securities Exchange Act of 1934, as amended. The Company believes that these non-GAAP financial measures are useful to investors to assess the performance, results of operations and cash available for the Company’s capital allocation program. These non-GAAP measures are meant to supplement, not replace, comparable GAAP measures, and such non-GAAP measures may be different from similarly titled measures used by other companies. A reconciliation of these non-GAAP financial measures to their most directly comparable financial measures calculated and presented in accordance with generally accepted accounting principles can be found in the Appendix at the end of this presentation and under the Investor Relations tab on our website: [www.wm.com](http://www.wm.com).

# WASTE MANAGEMENT INVESTMENT THESIS



## INDUSTRY LEADERSHIP

- Largest and most diverse asset and customer base
- Unmatched return on invested capital
- Experienced and committed management team and employees



## STRATEGIC FOCUSES

- Fostering a culture of “people first” and innovation
- Providing a differentiated customer experience
- Driving efficiency through technology
- Leveraging the industry-leading asset network to achieve disciplined revenue growth



## FINANCIAL AND BUSINESS PROFILE

- Recession-resilient revenues
- Strong and consistent free cash flow to fund balanced return of cash to shareholders
- Strong balance sheet that provides strategic flexibility

# RESILIENT BUSINESS MODEL AND STRONG BALANCE SHEET POSITION WM WELL IN CHALLENGING ENVIRONMENT

## Resilient Business Model

- Designated as an essential service provider during COVID-19 disruptions
- More than 75% of revenue has annuity-like characteristics
- Track record of strong cash flow generation and return to shareholders in prior downturns

## Strong Balance Sheet and Ample Liquidity

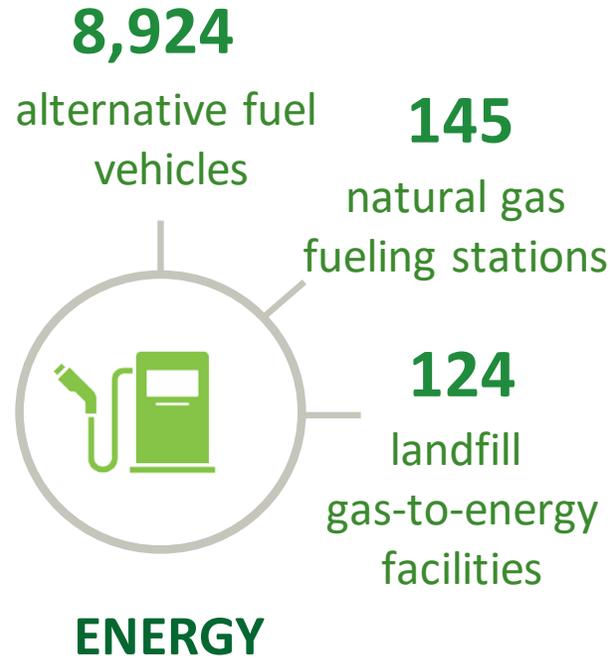
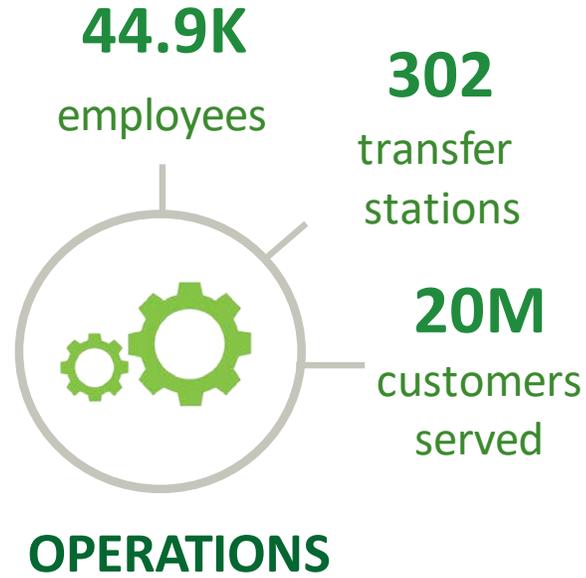
- Current and forecasted leverage ratio well within revolver financial covenant
- Liquidity bolstered by recent upside in revolver to \$3.5B as well as pre-funding of Advanced Disposal acquisition, positioning WM with more than \$3B in cash on the balance sheet

## Flexing Costs and Capital

- Leveraging technology to enable swift route optimization, reducing overtime hours, and decreasing discretionary spending
- Flexing capital spending with volume changes

**Using COVID-19 pandemic as an opportunity to further differentiate WM through permanent enhancements in business processes and service offerings**

# WASTE MANAGEMENT'S UNRIVALED SIZE AND SCALE<sup>1</sup>



## 2019 FINANCIALS

**\$1.1B**  
returned to shareholders

**\$3.9B**  
cash from operations

**\$1.8B**  
capital expenditures

**\$15.5B** total revenue

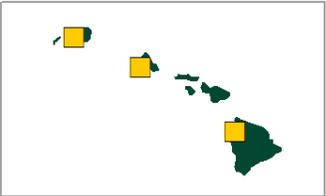
## LANDFILLS

**244** active solid waste landfills

**5** active hazardous waste landfills



# BEST POSITIONED ASSET NETWORK

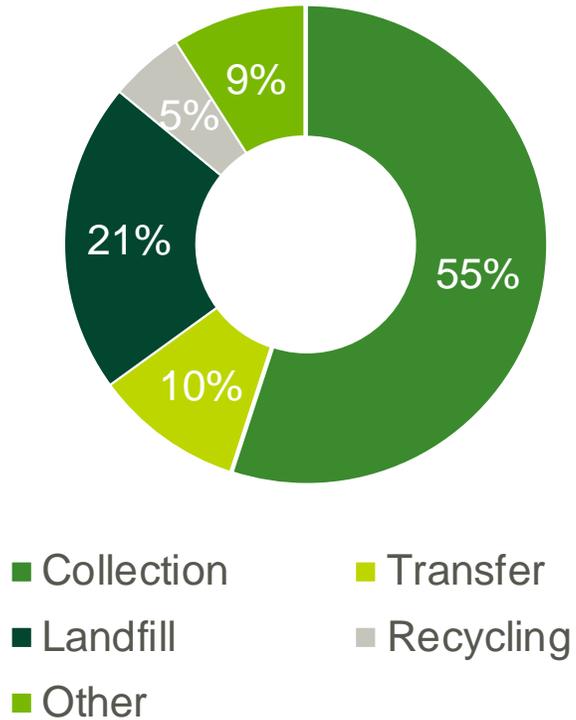


**Legend**

- Landfill
- Transfer
- MRF
- Hauling

# VERTICALLY INTEGRATED ASSET BASE FUELS CORE BUSINESS

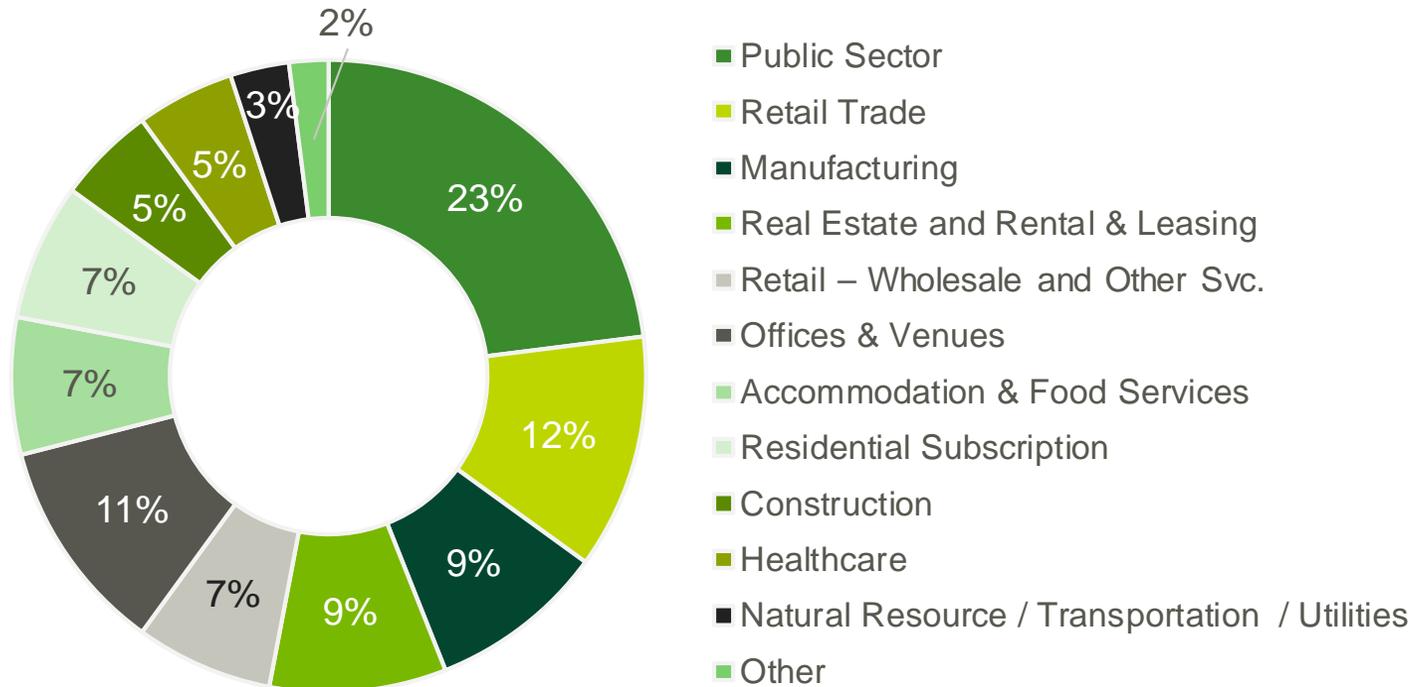
2019 REVENUE MIX



COLLECTION	TRANSFER	LANDFILL	RECYCLING
<p>Picking up waste and recyclables from where they were generated and transporting to:</p> <ul style="list-style-type: none"> <li>• Transfer station</li> <li>• Landfill</li> <li>• Material recovery facility (MRF)</li> <li>• Other outlets (e.g., composting)</li> </ul>	<p>Consolidating waste and material streams to be transported to disposal sites</p> <p>Network, consisting of 300+ transfer stations, allows us to leverage our landfill and recycling assets</p>	<p>Representing the largest landfill network with ~250 locations in the U.S. and Canada</p> <p>Well-positioned network represents critical North American infrastructure and provides significant barrier for new entrants</p>	<p>Processing materials for their next best and highest use through:</p> <ul style="list-style-type: none"> <li>• Materials processing</li> <li>• Recycling commodities</li> <li>• Recycling brokerage services</li> <li>• Advanced diversion (organics)</li> </ul>

# DIVERSE CUSTOMER BASE DAMPENS EFFECT OF ECONOMIC DOWNTURNS

## 2019 COLLECTION REVENUE MIX<sup>1</sup>



✓ Diversified Customer Base

✓ Recurring Revenue

✓ Recession Resilience

**Diverse and Largely Non-correlated Customer Base Creates Recession Resistance**

# WASTE MANAGEMENT STRATEGY FOR SUSTAINABLE FUTURE GROWTH



## PEOPLE

Make WM an **employer of choice** by being a great place to work and build a career



## CUSTOMERS

**Delight our customers** through a differentiated experience that fuels sustainable competitive advantage



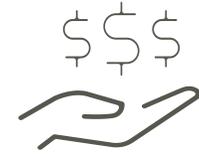
## COMMUNITY

**Drive exceptional reputation** which underpins ongoing relationship building and positively influences regulations, policies and thought leadership



## ENVIRONMENT

**Lead in sustainability** by preserving and protecting the environment



## SHAREHOLDERS

Deliver strong and predictable long-term **financial performance** that rewards investors

**Enable a People-first, Technology-led Focus, that Leverages and Sustains the Strongest Asset Network in the Business to Drive Best-in-class Customer Experiences and Growth**

# EXPERIENCED AND COMMITTED MANAGEMENT TEAM



**Jim Fish**  
President and  
Chief Executive Officer  
Joined WM: 2001



**John Morris**  
EVP,  
Chief Operating Officer  
Joined WM: 2004



**Devina Rankin**  
EVP,  
Chief Financial Officer  
Joined WM: 2002



**Chuck Boettcher**  
EVP, Corp. Dev. and  
Chief Legal Officer  
Joined WM: 2016



**Tamla Oates-Forney**  
SVP,  
Chief People Officer  
Joined WM: 2018



**Nikolaj Sjoqvist**  
SVP, Chief Digital Officer  
Joined WM: 2012



**Mike Watson**  
SVP, Chief Customer Officer  
Joined WM: 1992



**Steve Batchelor**  
SVP, Operations  
Joined WM: 1997

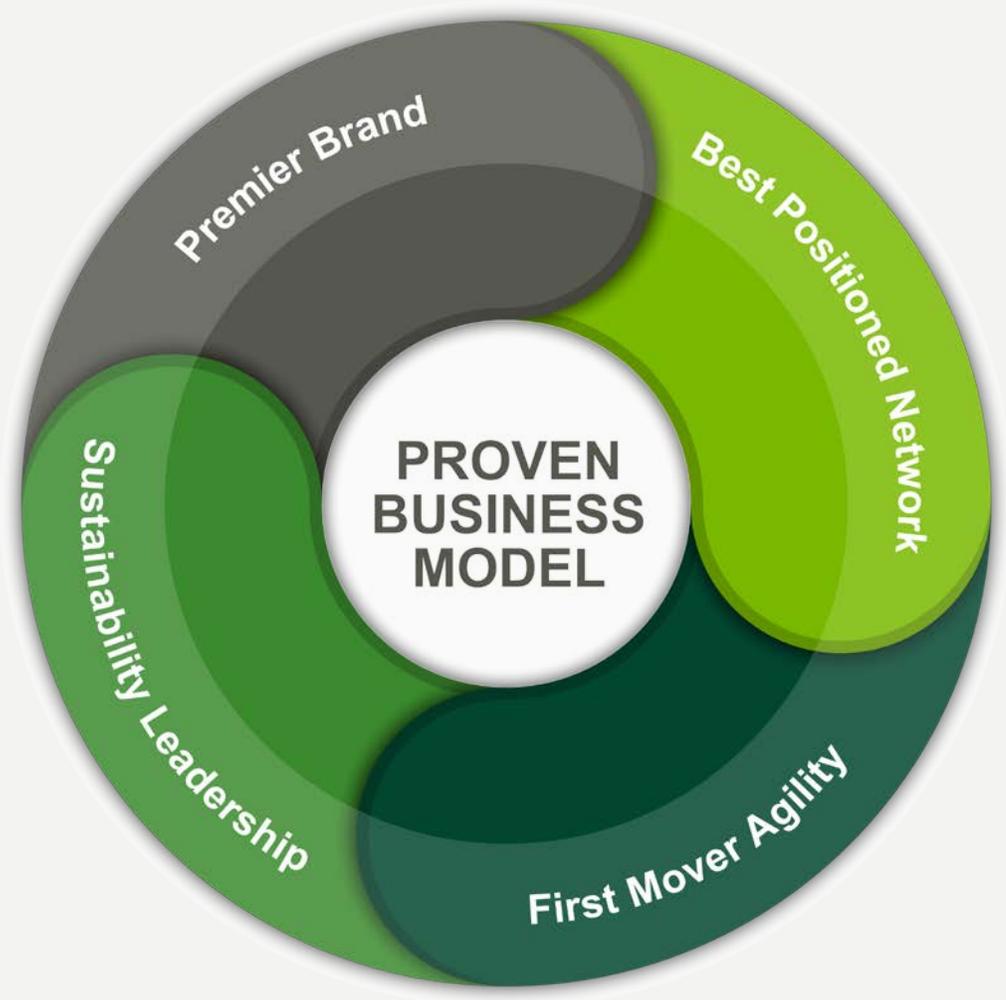


**Tara Hemmer**  
SVP, Operations  
Joined WM: 1999

# BUSINESS MODEL ENABLES MARKET OUTPERFORMANCE

**STRENGTHS**

-  Strong and Diverse Leadership Team
-  Asset Management and Logistics Expertise
-  Culture of Continuous Improvement and Innovation
-  Environmental Solutions and Regulatory Expertise



## ADVANTAGED POSITION

# SIGNIFICANT COMPETITIVE ADVANTAGES POSITION US WELL FOR THE FUTURE

## **Hard-to-Replicate Infrastructure**

Industry-leading transfer station, landfill, and recycling network

## **Sustainability as a Differentiator**

Leader in the recycling and renewable energy spaces with technological evolutions in recycling processing and landfill gas-to-energy plants

## **Deep Domain Expertise**

Vast internal technical capabilities and deep understanding of regulatory environment

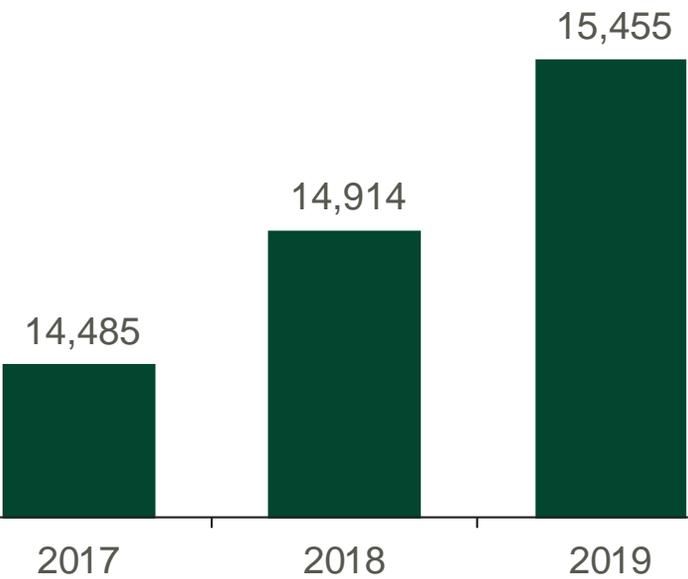
## **Community Partnerships**

Deep relationships with the communities we serve to achieve mutual goals

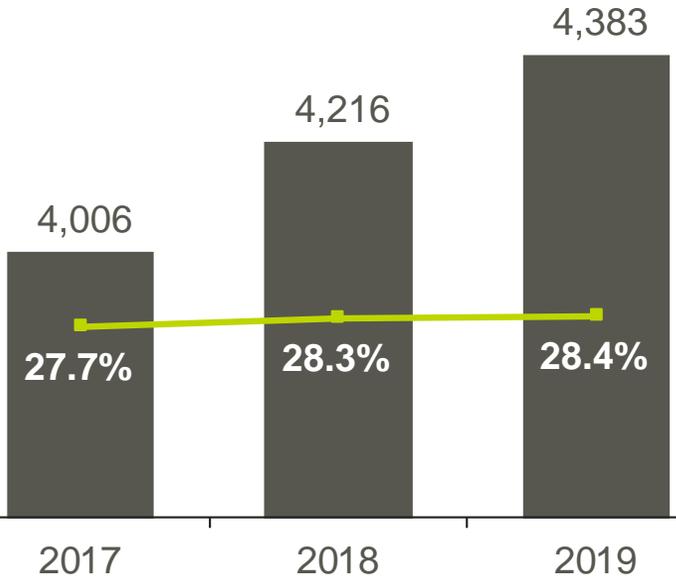


# FINANCIAL RESULTS INDICATIVE OF STRATEGIC EXECUTION

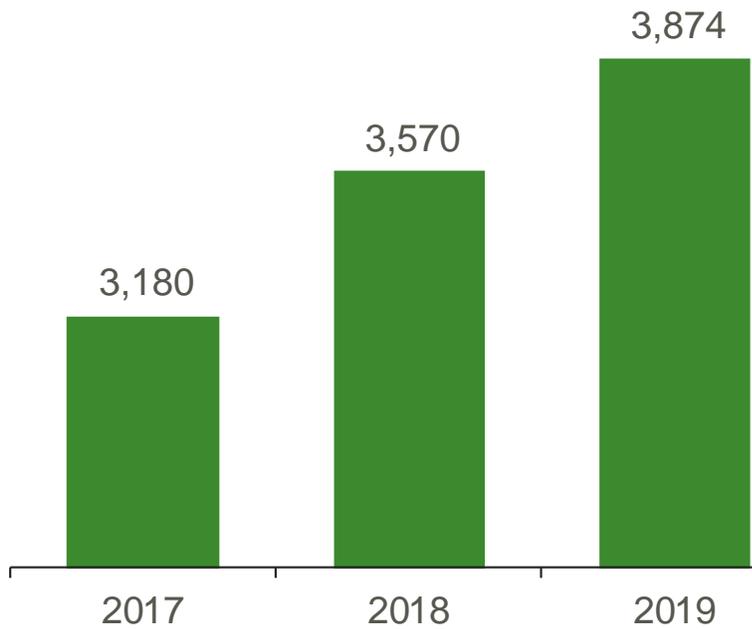
**REVENUE**  
(\$M)



**OPERATING EBITDA<sup>1</sup>**  
(\$M, except for margins)



**CASH FROM OPERATIONS**  
(\$M)



■ Operating EBITDA    — Margin

Execution on Disciplined Revenue Growth and Continuous Improvement Strategies Underpin Strong Financial Results

1. The company defines Operating EBITDA as income from operations before depreciation and amortization, and this measure has been adjusted to exclude certain items. See the appendix for reconciliation of this non-GAAP financial measure.



# ACHIEVING INDUSTRY-LEADING RETURNS

## RETURN ON INVESTED CAPITAL<sup>1,2</sup>



- Disciplined allocation of capital to execute on organic growth is a key contributor to strong return profile.
- Focused on high-quality acquisitions and investments to leverage our best-in-class asset network and expand returns.
- Continuously improving our return profile and driving toward world class.

## Returns Driven by Earnings Quality and Disciplined Investment

# Integrating greater use of technology to improve Safety, Service, Savings and Sustainability

## PEOPLE

- Increasing driver and technician retention and investing in WM-managed driver training schools
- Modernizing the job for drivers and heavy-equipment operators

## FLEET

- Upgrading fleet to automated loading and increasing use of natural gas vehicles
- Predicting time to failure to better maintain fleet

## ANALYTICS

- Gathering data in real-time through onboard systems to improve the customer experience
- Optimizing routes to improve cost to serve
- Utilizing data analytics to maximize the lifetime value of airspace

## DISPOSAL

- Building connected landfills to achieve a higher level of environmental performance while reducing costs

Building on Strengths of Our Network to Improve Customer Service and Operational Efficiency

# SUSTAINABILITY IS EMBEDDED IN WHAT WE DO AND HOW WE DO IT

## Leading in Recycling

Largest residential recycler in North America and committed to an economically viable and sustainable recycling platform

## Generating Renewable Natural Gas

Harnessing energy from our landfills to generate electricity and renewable natural gas; RNG is used to fuel a portion of our trucks

## Operating a CNG Fleet

62% of routed fleet runs on natural gas; we have a goal to reduce emissions associated with our fleet by 45% by 2038, against a 2010 baseline

## Providing Sustainability Services

Partnering with our customers to help them meet their environmental, regulatory, financial and sustainability goals through onsite programs, remote services, industrial waste processing and consulting services

# REIMAGINING RECYCLING

## Changing the Business Model

- Creating a shared model where customers pay based on price as well as processing costs (i.e., fee-for-service model)
- Proactively consulting with customers on the recycling cost/benefit analysis; we will provide recycling if customers pay for the service
- Deepening capabilities to purify our material streams

## Partnering with Our Customers, Communities and Stakeholders

- Improving recycling streams through customer education programs like our “Recycle Right” campaign
- Creating demand for recycled content (e.g., collaborating with The Recycling Partnership)
- Strengthening our internal brokerage services model to deepen relationships with end users for our products

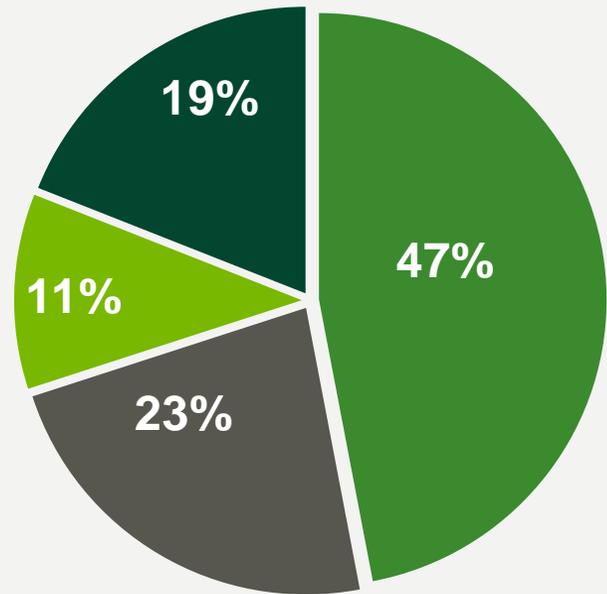
## Using Technology to Reimagine the Material Recovery Facility (MRF)

- Differentiate our recycling service offerings
- Drive the lowest processing cost in the industry
- Positively sort materials based on end markets

**As Largest Residential Recycler, We are Uniquely Positioned to Transform the Future of Recycling**

# THOUGHTFUL, DELIBERATE APPROACH TO CAPITAL ALLOCATION

3-Year History  
**\$10.6B Deployed**



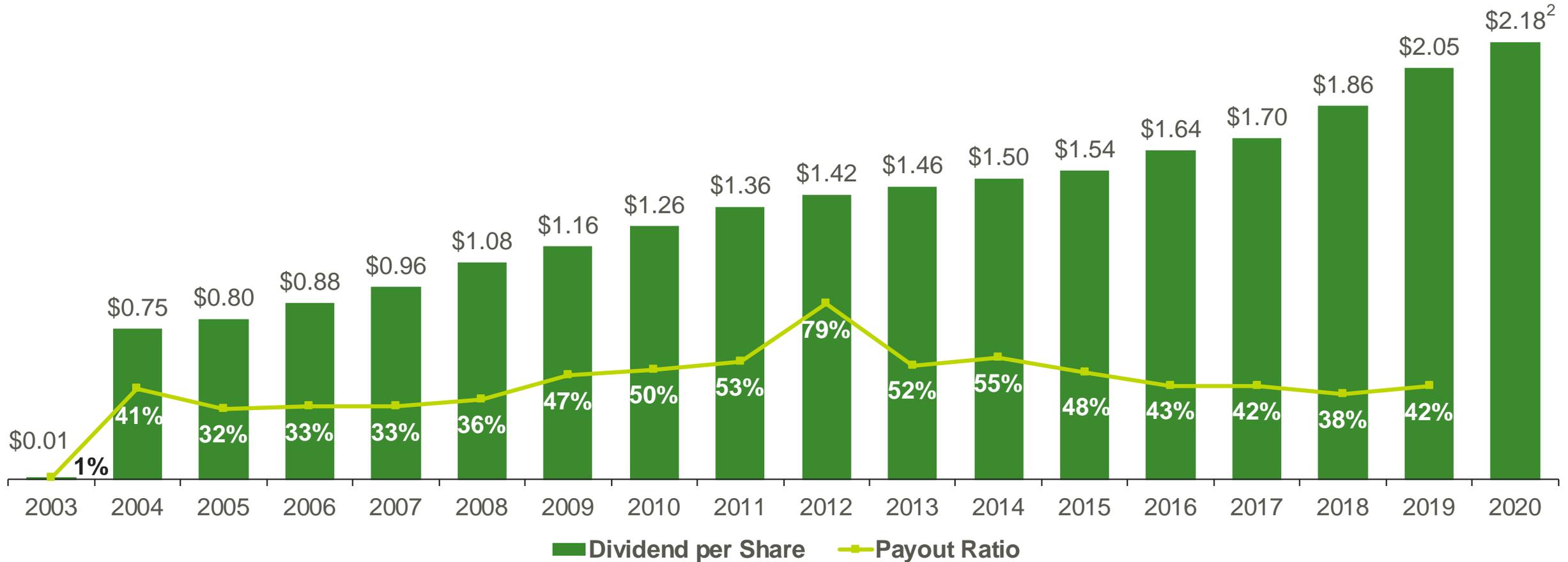
■ Reinvest ■ Dividends ■ M&A ■ Buybacks

<b>Reinvest</b>	<ul style="list-style-type: none"><li>• 3-year average Capex of \$1.67B; recent increase driven by volume growth</li><li>• Long-term target range of between 9.5% and 10.5%</li></ul>
<b>Dividends</b>	<ul style="list-style-type: none"><li>• Target 40% - 50% payout of free cash flow</li><li>• 17 years of consecutive dividend increases</li></ul>
<b>M&amp;A</b>	<ul style="list-style-type: none"><li>• Disciplined approach focused on the traditional solid waste business</li><li>• \$1.2B invested in 74 acquisitions over the past 3 years</li></ul>
<b>Buybacks</b>	<ul style="list-style-type: none"><li>• Temporarily suspending share repurchases as a prudent step to preserve cash in uncertain environment</li><li>• Bought back ~\$2B in shares over the past 3 years</li></ul>

**Robust Cash Generation Translates into Consistent Capital Allocation**

# LONG-STANDING COMMITMENT TO SHAREHOLDER RETURNS, PRIORITIZING DIVIDEND GROWTH

## DIVIDEND PER SHARE, PAYOUT RATIO<sup>1</sup> HISTORY



**BoD Approved Increase in Quarterly Dividend for 17<sup>th</sup> Consecutive Year, Up 6.3% in 2020**

1. Payout ratio consists of full-year dividends paid divided by full-year free cash flow; 2014 payout ratio excludes proceeds from sale of Wheelabrator Technologies Inc. 2. Projected, based upon current dividend rate. All future dividends must be declared by the Board of Directors.

# PENDING ADVANCED DISPOSAL ACQUISITION WOULD EXTEND OUR INDUSTRY LEADERSHIP<sup>1</sup>

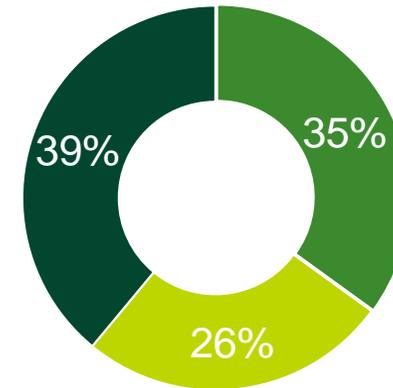
## KEY FACTS

EMPLOYEES	~6,000
MUNICIPALITIES	>800
CUSTOMERS	>3M
FY19 REVENUE	\$1.6B
FY19 ADJ. EBITDA	\$425M <sup>2</sup>

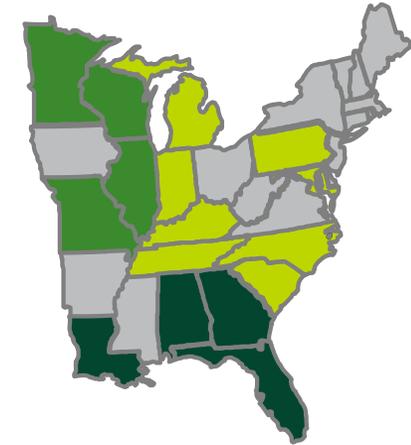
## HIGHLY STRATEGIC

- Complementary assets and customer base
- Compelling financial benefits that align with our long-term financial goals

## BALANCED GEOGRAPHIC AND REVENUE MIX



- Midwest
- East
- South



## TRANSACTION UPDATE

- Continue to work with the DOJ and are making progress toward receiving the final antitrust regulatory approval required for closing
- Have received significant inbound interest in potential assets to be divested

## Shared Commitments to Safety, Customer Service and Operating Excellence

1. The source of all information in this presentation concerning ADS is ADS's public filings with the SEC and other publicly available information published by ADS. Waste Management played no part in preparing, and cannot assure you as to the accuracy of, any statements concerning ADS. 2. See the appendix at the end of this presentation for reconciliation of this non-GAAP financial measure. Please note that ADS's measure "Adjusted EBITDA" is defined and calculated differently than "Operating EBITDA" reported by Waste Management.

# STRONG FINANCIAL POSITION PROVIDES STRATEGIC FLEXIBILITY

## CREDIT RATINGS

<b>S&amp;P</b>	<b>A- (Stable)</b>
<b>Moody's</b>	<b>Baa1 (Stable)</b>
<b>Fitch</b>	<b>BBB+ (Negative)</b>

- **Committed to maintaining investment grade credit rating**
  - Deep access to capital markets
  - Competitive advantage, particularly with municipal and large M&I customers
  - Strategic flexibility
- **\$3.5B revolving credit facility due 2024**

## LEVERAGE

- **Total debt to EBITDA<sup>1</sup> of 3.1x**
- **Long-term target of 2.5x – 3.0x**
- **Well positioned to execute on capital allocation priorities of growing the business and returning cash to shareholders**

**Strong Liquidity, Modest Leverage, a Balanced Debt Maturity Profile and Industry Leadership**

# GET IN TOUCH WITH US

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# Appendix

## Financial Information and Reconciliation of Non-GAAP Measures

# FINANCIAL HIGHLIGHTS

## INCOME STATEMENT

(\$M, except margins)	2019 <sup>1</sup>	2018 <sup>1</sup>	2017
Revenue <sup>2</sup>	\$15,455	\$14,914	\$14,485
Operating expenses	\$9,480	\$9,246	\$9,021
Operating expense margin	61.3%	62.0%	62.3%
SG&A	\$1,588	\$1,453	\$1,468
SG&A margin	10.3%	9.7%	10.1%
Adjusted income from operations <sup>3</sup>	\$2,809	\$2,739	\$2,630

## CASH FLOW

(\$M, except margins)	2019	2018	2017
Net cash provided by operations	\$3,874	\$3,570	\$3,180
Capital expenditures	\$1,818	\$1,694	\$1,509
Free cash flow <sup>4</sup>	\$2,105	\$2,084	\$1,770
Acquisitions and investments	\$527	\$466	\$200
Cash dividends	\$876	\$802	\$750
Common stock repurchases	\$248	\$1,004	\$750

# RECONCILIATION OF NON-GAAP MEASURES

## ADJUSTED INCOME FROM OPERATIONS

(\$M)	2019	2018	2017
Income from operations (as reported)	\$2,706	\$2,789	\$2,636
<b>Adjustments</b>			
Advanced Disposal acquisition-related costs	\$33	-	-
Enterprise resource planning system related costs	\$10	-	-
(Gain)/loss from divestitures, asset impairments and unusual items, net	\$57	\$(55)	\$(17)
Restructuring	\$3	\$2	-
Multiemployer pension withdrawal costs	-	\$3	\$11
<b>Adjusted income from operations</b>	<b>\$2,809</b>	<b>\$2,739</b>	<b>\$2,630</b>

## ADJUSTED OPERATING EBITDA

(\$M, except margins)	2019	2018	2017
Income from operations (as reported)	\$2,706	\$2,789	\$2,636
Depreciation and amortization	\$1,574	\$1,477	\$1,376
Advanced Disposal acquisition-related costs	\$33	-	-
Enterprise resource planning system related costs	\$10	-	-
(Gain) loss from divestitures, asset impairments and unusual items, net	\$57	\$(55)	\$(17)
Restructuring	\$3	\$2	-
Multiemployer pension withdrawal costs	-	\$3	\$11
<b>Adjusted Operating EBITDA</b>	<b>\$4,383</b>	<b>\$4,216</b>	<b>\$4,006</b>
Revenue	\$15,455	\$14,914	\$14,485
<b>Adjusted Operating EBITDA Margin</b>	<b>28.4%</b>	<b>28.3%</b>	<b>27.7%</b>

# RECONCILIATION OF NON-GAAP MEASURES

## ADJUSTED OPERATING EXPENSES

(\$M)	2019	2018
Operating expenses (as reported)	\$9,496	\$9,249
<b>Adjustments</b>		
Non-cash charges to write off certain assets	\$(16)	-
Charges related to multiemployer pension plans	-	\$(3)
<b>Adjusted operating expenses</b>	<b>\$9,480</b>	<b>\$9,246</b>

## ADJUSTED SG&A EXPENSES

(\$M)	2019
SG&A expenses (as reported)	\$1,631
<b>Adjustments</b>	
Advanced Disposal acquisition-related costs	\$(33)
Enterprise resource planning system related costs	\$(10)
<b>Adjusted SG&amp;A expenses</b>	<b>\$1,588</b>

# RECONCILIATION OF NON-GAAP MEASURES

## ADJUSTED TAX EXPENSE

(\$M)	2019	2018	2017
Provision for income taxes (as reported)	\$434	\$453	\$242
<b>Adjustments</b>			
Advanced Disposal acquisition-related costs	\$8	-	-
Enterprise resource planning system related costs	\$2	-	-
(Gain)/loss from divestitures, asset impairments and unusual items, net	\$12	\$(17)	\$(6)
Loss on early extinguishment of debt	\$20	-	\$2
Restructuring	\$1	\$1	-
Tax benefits related to income tax audit settlements	-	\$33	-
Impact of Tax Cuts and Jobs Act	-	\$27	\$529
Tax benefits related to adjustment to deferred taxes	-	\$17	-
Tax benefits related to equity-based compensation	-	-	\$32
Multiemployer pension withdrawal costs	-	\$1	\$4
<b>Adjusted provision for income taxes</b>	<b>\$477</b>	<b>\$515</b>	<b>\$803</b>

## FREE CASH FLOW

(\$M)	2019	2018	2017
Net cash provided by operations	\$3,874	\$3,570	\$3,180
Capital expenditures	\$(1,818)	\$(1,694)	\$(1,509)
Proceeds from divestitures of businesses (net of cash divested) and other sale of assets	\$49	\$208	\$99
<b>Free Cash Flow</b>	<b>\$2,105</b>	<b>\$2,084</b>	<b>\$1,770</b>

# RECONCILIATION OF NON-GAAP MEASURES

## TOTAL DEBT / EBITDA

(\$M)	2019	2018	2017
Balance sheet debt	\$13,498	\$10,026	\$9,491
Adjustments for accounting for fair value hedges and discounts	\$85	\$52	\$56
Guarantees of indebtedness of others	\$4	\$4	\$5
<b>Numerator<sup>1</sup></b>	<b>\$13,587</b>	<b>\$10,082</b>	<b>\$9,552</b>
Adjusted operating EBITDA <sup>2</sup>	\$4,383	\$4,216	\$4,006
Bank covenant adjustments	\$(59)	\$92	\$50
Denominator - EBITDA <sup>1</sup>	\$4,324	\$4,308	\$4,056
<b>Total Debt / EBITDA<sup>1</sup></b>	<b>3.1x</b>	<b>2.3x</b>	<b>2.4x</b>

## RETURN ON INVESTED CAPITAL

(\$M, except margins)	2019	2017
Adjusted income from operations <sup>2</sup>	\$2,809	\$2,630
Less: Provision for income tax	\$(477)	\$(798)
<b>NOPAT</b>	<b>\$2,332</b>	<b>\$1,832</b>
Total debt	\$12,490	\$9,234
Stockholders' equity	\$6,684	\$5,575
Less: Cash and cash equivalents	\$(2,196)	\$(30)
<b>Total Invested Capital<sup>3</sup></b>	<b>\$16,978</b>	<b>\$14,779</b>
<b>Return on Invested Capital</b>	<b>13.7%</b>	<b>12.4%</b>

# RECONCILIATION OF NON-GAAP MEASURES

## ADVANCED DISPOSAL ADJUSTED EBITDA

(\$M, except margins)	2019
Net income	\$(6.6)
Depreciation and amortization	\$278.8
Interest expense	\$100.9
Accretion on landfill retirement obligations	\$18.0
Income tax (benefit) expense	\$(20.4)
Other	\$0.4
<b>EBITDA</b>	<b>\$371.1</b>
Stock based compensation	\$10.0
Greentree expenses, net of estimated insurance recoveries and landfill remediation expenses	\$9.6
Fee case settlement and related expenses	\$9.9
Merger related expenses	\$9.6
Merger retention bonus	\$8.5
Unrealized loss (gain) on derivatives	\$5.8
Realized gain on derivatives	\$(5.0)
Write off of acquisition related identification receivable	\$3.9
Other	\$1.8
<b>Adjusted EBITDA</b>	<b>\$425.2</b>
Revenue	\$1,623.0
<b>Adjusted EBITDA Margin</b>	<b>26.2%</b>