

December 5, 2025

Team Number: 13

Long: Clean Harbors (NYSE: CLH)

Current Price: \$204 | **3Y Price Target:** \$384 (21% IRR, 88% upside)



Clean Harbors Overview

Industry leader of hazardous waste management and recycling in North America

Company Description

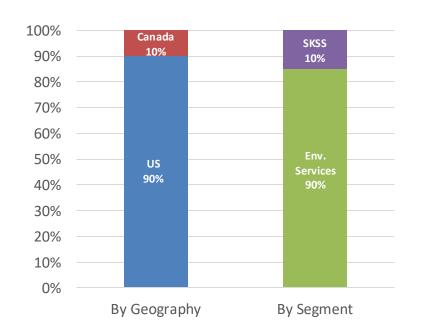
- **North American leader** in environmental and industrial services, specializing in hazardous waste management
- Two segments: Environmental Services (90% EBITDA) and Safety-Kleen (O&G exposed, 10% EBITDA).
- **100+ facilities** serving 350K+ customers across the U.S. and Canada.
- Founded 1980, HQ in MA; strong regulatory and sustainability tailwinds.

Key Financials

		(\$ in millions, unless oth	erwise stated)
Current Price	\$204	Market Cap	\$10,999
Enterprise Value	\$12,951	Street NTM EBITDA Multiple	11.0x
25E Revenue	\$6,002	FCF Yield	4%
25E EBITDA	\$1,164	Net Leverage	1.7x
EBITDA Margin %	19.4%	Float	95%

Note: Market data as of 11/20/2025 close.

Revenue Mix



Tailwinds

- Tight supply market (CLH 70%+ of North American commercial incinerator market capacity)
- Reshoring & ramping industrial builds in the US → more waste volume
- PFAS ruling (regulatory catalyst):
 - Per- and poly- fluoroalkyl substances "Forever chemicals" (e.g. firefighter foam, industrial discharge) that have long lasting impact and contaminate our waterways
 - EPA recently proposed to classify this as hazardous materials
 - CLH joint trial w/ the EPA proves 99.99999% effectivity



The market still sees CLH as a cyclical, oil-exposed, and is underweighting (1) pricing power, (2) regulated haz-waste infrastructure economics, (3) repeatable, accretive M&A

Investment Theses

Thesis 1 – Incinerator ~Monopoly → Durable Pricing Power (6% pricing CAGR vs Street LSD); <u>230 bps</u> <u>per year above consensus</u>

- Extremely supply-constrained market in which CLH has >70% market share.
- A new incinerator takes 5+ years to get regulatory approval and high upfront capex.
- High regulatory and capital barriers prevent new entrants; channel checks support 5–10% annual price increases

Thesis 2 – Secular Tailwinds Drive Higher Demand (MSD volume CAGR vs LSD Street)

- Reshoring: ISM industrial index indicates pent up demand from manufacturing side + reshoring tailwind
- <u>Captive-to-commercial outsourcing trend</u>: ~40 captive incinerators (900k tons capacity) expected to close, funneling volume into commercial market
- <u>PFAS regulatory catalyst</u>: small base of revenue but growing at 20% going-forward

Thesis 3 –M&A Flywheel (\$300M forecasted vs. Street \$0)

- Management's "Vision 2027" targets ~\$1B of M&A annually; Street assigns no credit due to CLH recent slow down in M&A annually
- CLH has executed \$400M+/year of accretive bolt-ons at 7-8x post-synergy multiples (9-11x pre-synergy).
- Conservative annual \$300M M&A spend adds ~\$170M EBITDA by 2028 based on returning Industrial M&A transaction volumes, our conversations with potential acquisition targets, and conversations with CLH

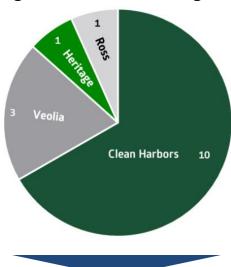


Thesis 1: Strong Pricing Power

Sticky customer demand in a constrained supply environment results in strong go-forward pricing power

Today's NA Incinerator Market

- Consolidated market: CLH owns 10 of the 15
 North American commercial incinerators →
 70% market share
- CLH has great utilization: ~ 90% utilized → only seeing increased demand going forward



Constrained supply + rising demand → strong pricing power

Channel Check Findings

"This is an extremely <u>sticky business with increasing demand</u> and no more capacity buildout in the near future. We have been <u>very comfortable with MSD price</u> increase, and I see <u>even more pricing opportunity</u> going forward."

-- Former, Clean Harbors

Conversation with former at CLH indicates strong pricing power

Pricing Growth (YoY) Vs. Consensus

	2025E	2026E	2027E	2028E	2029E
Our Model	4.8%	6.0%	6.0%	6.0%	6.0%
Consensus	4.8%	3.7%	3.7%	3.7%	3.7%
Delta	-	2.3%	2.3%	2.3%	2.3%

Go-forward consensus on pricing power likely conservative; we model in ~230bps higher pricing power p.a.



Thesis 2: Strong Volume Pipeline: MSD vs. Street LSD

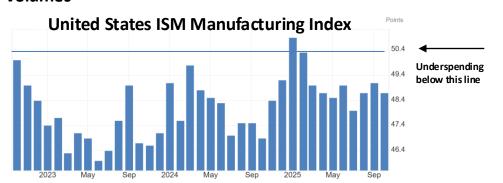
Rising demand as competitors outsource internal capacity, and PFAS regulation drives massive disposal needs

Captive to Commercial: competitors become customers

- Captive incinerators (owned by companies, cannot take in outside waste) see rising regulatory & maintenance costs: making in-house incinerators uneconomical
- Expect ~40 captive incinerators (≈900k tons capacity) to close → volume demand moving to commercial market
- 3M Case Study: 3M was fined \$3M for incinerator noncompliance in 2022. 3M closed that incinerator and transferred all capacity (~40k tons) to CLH

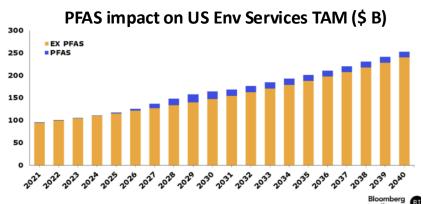
Reshoring Tailwind + Historical Underspending

- U.S. manufacturing consistently underspent in L3Y
 - **Multi-billion-dollar commitments** across sectors to bring manufacturing back to the US
- Inevitable build cycle and a multi-year tailwind for waste volumes



PFAS (Forever Chemicals) a Regulatory Catalyst

- EPA classification of PFAS as hazardous waste (2025–26) mandates large-scale remediation
- CLH's demonstrated >99.9999% PFAS destruction efficiency in recent joint EPA/DoD trials
- Multi-billion-dollar TAM, creating meaningful upside to base-case volume and pricing growth
- In our model: Small revenue base today. Mgmt. expects PFAS to drive high-20s volume growth.
- We conservatively forecast ~high-teens volume growth





Thesis 3: Strong M&A engine

Historically acquisitive + \$1B p.a. M&A plan through '27 in a fragmented market w/ actionable targets

Mgmt announced \$1B M&A target p.a. till 2027 but Street isn't underwriting

Vision 2027 Growth Targets
CleanHarbors SERVICES INDUSTRIES LOCATIONS
< BACK TO ALL NEWS
Clean Harbors Introduces 5-Year Growth
Targets at 2023 Investor Day in Chicago

С	LH Histo	ric	al Sp	enc	d post	: C	ovid	
<u>\$M</u>	2021	2	022	2	2023	2	2024	Avg
M&A spend	\$(1,253)	\$	(86)	\$	(120)	\$	(478)	\$ (484)

CLH historically spent ~\$400M on M&A p,a. since Covid. In 2023, Mgmt announced Vision 2027, modeling in \$1B p.a. on M&A through 2027. Street currently gives minimal credit.

Fragmented Market with real, actionable near-term targets

Сотрапу	Туре	Location	Size
MPW Industrial	Industrial Cleaning, Water Solutions	National	\$200M+
Expansa	Water Treatment	Houston	\$20M
Plymouth Environmental	Remediationl, ER	Northeast	\$10M
Ashbritt	Debris Mgmt, Disaster Recovery	National	\$300M+
Moran Environmental	Environmental Response	New England	\$200M
Environmental Restoration	Remediationl, ER	National	\$100M
Rilco Environmental Services	Waste oil collction + recycle	Midwest	\$15M
PureFlow	Water Treatment	South	\$20M

High conviction targets in light blue based on expert interviews

"We did no deals in '25 due to elevated multiples & limited companies in market. But I fully expect to continue to conduct core M&As going forward at a reasonable price."

-- Jim Buckley, Clean Harbors Investor Relations

We conservatively assume \$300M p.a. of M&A at 7x multiple above consensus



Thesis 3: Strong M&A engine

Future deals in ancillary services vs. incinerators; Mgmt. incentives tied to both top- and bottom-line encourage disciplined, thoughtful acquisitions

General M&A Strategy

Financials

- Multiple: 9-11x pre-synergy; 7-8x post synergy
- Margin: Mid-teens margin, to grow to group level within ~3 years

Typical Rationale for Acquisition

- New Capability (e.g. HydroChem)
- Incremental Volume
- Network Expansion

Synergies

- Top-line: rate up-lift (CLH has better rates)
- Cost synergy: overhead reduction

Case Study: HydroChem (HPC; 2021)

Financials



- Purchase Price: \$1.25B
- Adjusted EBITDA: \$115M (15% margin)
- 11x (pre-synergy) \rightarrow 8.1x (post-synergy)

Acquisition Rationale:

- Scale + Footprint expansion (240 new service locations → routing efficiency)
- New capabilities (automatic / robotic cleaning, proprietary equipment fabrication)

Synergies

- Top-line: rate up-lift (CLH has better rates)
- Cost synergy (~\$40M): overhead reduction + branch-level optimization.
- Initial margin drag recovered within 2year

Management Incentives

Management Incentives are appropriately aligned with shareholders tied to 1) Revenue, 2) EBITDA, 3) Free Cash Flow, and 4) ROIC → strong incentives to execute durable, accretive, and strategic acquisitions



Primary Research

Channel checks and conversation with IR reinforce our conviction in the company

Industry Check





2 calls with CLH former and potential M&A target



CLH IR

Jim Buckley, SVP
Investor Relations and
Corporate
Communications (13+
year industry veteran)

Key Takeaways

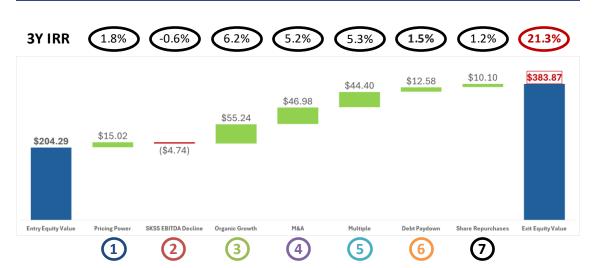
- Moat: unparalleled <u>market share resulting in pricing power</u>; customers are <u>less price</u> <u>sensitive and extremely sticky</u> ("Customer come to us before they build a plant to make sure we can take their waste" Jim Buckley, SVP Investor Relations)
- PFAS: a real opportunity w/ \$8B TAM, still growing ("CLH already commercializing solutions and this is going to grow very fast" Jim Buckley, SVP Investor Relations)
- **M&A:** large, <u>fragmented</u>, <u>and accretive</u> market ("CLH has many possible acquisitions in ancillary industrial services space" Current Strategic Advisor to CEO, MPW Industrial)
 - Thoughtful around acquisitions: historical 9-11x pre-synergy multiple and 7-8x post-synergy multiple
 - Alternative approach: If multiples stay elevated, mgmt. will stay disciplined and accelerate share repurchase instead to return shareholder value



Value Creation Bridge

Target share price of \$383 / share implies 21% 3Y IRR based on 11.0x EV / NTM EBITDA exit multiple

Value Creation Bridge



2028 Exit (\$mm)	
2028 NTM EBITDA	\$1,942.4
EV / NTM EBITDA	11.0x
Exit TEV	\$21,366.4
(-) Net Debt	(1,169.9)
Equity Value	\$20,196.5
(/) Shares Outstanding (mm)	52.6
Price / Share	~\$383

Note: Market data as of 11/20/2025 close.

DCF Valuation

Discount Rate	8%
Terminal Growth Rate	2%
Enterprise Value	\$23,975
2029 EBITDA (x)	12.3x
(-) Net Debt	(1,994.7)
Equity Value	\$21,980
Diluted Share Count	53.633
Implied Share Price	\$410
Upside	100.6%
IRR	24.9%

Commentary

- 1 Strong Pricing Power (Thesis Pillar 1)
 Go-forward consensus on pricing power likely conservative; we model in ~230bps higher pricing power p.a.
- Weakness in SKSS
 We assume (3.8%) EBITDA CAGR Decline in
 SKSS given O&G exposure. No reason the
 business couldn't continue to perform in-line
 or grow, but thesis does not rely on SKSS
- Organic Growth via Strong Volume Pipeline (Thesis Pillar 2)

We conservatively forecast ~high-teens volume growth

4 Strong M&A Engine (Thesis Pillar 3)

We conservatively assume \$300M p.a. M&A at 7x multiple; consensus gives no credit

Multiple Expansion

1x turn expansion from faster growth,

- improved margin and reduced O&G overhang
 - **Debt Paydown**

remaining FCF used for paydown after acquisitions

Full "Fair" Valuation 11.0x EV / EBITDA

Appendix

Operating Model



\$ in USD millions	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E
Environmental Services	\$4,172	\$4,511	\$5,005	\$5,125	\$5,441	\$5,798	\$6,181	\$6,592
Safety-Kleen	\$994	\$897	\$885	\$877	\$908	\$934	\$952	\$961
M&A Revenue					\$286	\$590	\$915	\$1,262
Total Segment Revenue	\$5,166	\$5,409	\$5,890	\$6,002	\$6,635	\$7,322	\$8,047	\$8,815
Corporate Revenue	\$1	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Adj Revenue	\$5,167	\$5,409	\$5,890	\$6,002	\$6,635	\$7,322	\$8,048	\$8,815
YOY%		5%	9%	2%	11%	10%	10%	10%

Total Company EBITDA Projections								
\$ in USD millions	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E
Environmental Services	\$953	\$1,102	\$1,267	\$1,333	\$1,537	\$1,711	\$1,872	\$2,047
Safety-Kleen	\$306	\$173	\$147	\$139	\$145	\$146	\$137	\$119
M&A					\$43	\$99	\$170	\$258
Total Segment EBITDA	\$1,259	\$1,274	\$1,414	\$1,472	\$1,725	\$1,956	\$2,179	\$2,424
Corporate Expense	(\$237)	(\$262)	(\$298)	(\$308)	(\$357)	(\$395)	(\$436)	(\$482)
Total Adj EBITDA	\$1,022	\$1,013	\$1,117	\$1,164	\$1,368	\$1,561	\$1,743	\$1,942
YOY%		1%	11%	4%	17%	13%	11%	11%

Memo								
\$ in USD millions	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E
Environmental Services Growth		8.1%	10.9%	2.4%	6.2%	6.6%	6.6%	6.7%
Safety-Kleen Growth		(9.8%)	(1.4%)	(0.9%)	3.5%	2.9%	1.9%	1.0%
M&A Growth						106.6%	55.0%	37.9%
Total Segment Revenue Growth		4.7%	8.9%	1.9%	10.5%	10.4%	9.9%	9.5%
Corporate Revenue Growth		(11.8%)	(8.9%)	0.0%	0.0%	0.0%	0.0%	0.0%
Total Adj Revenue Growth		4.7%	8.9%	1.9%	10.5%	10.4%	9.9%	9.5%
Environmental Services EBITDA %	22.8%	24.4%	25.3%	26.0%	28.2%	29.5%	30.3%	31.1%
Safety-Kleen EBITDA %	30.8%	19.3%	16.6%	15.9%	16.0%	15.6%	14.4%	12.4%
M&A Gross Margin %					15.0%	16.8%	18.6%	20.4%
Total Segment EBITDA %	24.4%	23.6%	24.0%	24.5%	26.0%	26.7%	27.1%	27.5%
Total Adj EBITDA %	19.8%	18.7%	19.0%	19.4%	20.6%	21.3%	21.7%	22.0%



Peer Benchmarking Overview

Relative positioning across environmental services and oil refining peers

	Market Can	2025 Revenue	Revenue	CAGR		Margins				Net Debt /
Сотрапу	\$ mm	\$ mm	2Y Hist	2Y Fwd	EBITDA	EBIT	NI	EV / EBITDA	P/E Multiple	EBITDA
Clean Harbors	10,999	6,002	5.3%	10.5%	19.4%	11.9%	6.9%	9.8x	26.2x	1.7x
Environmental Servic	es									
Waste Management	87,269	25,283	11.3%	5.7%	29.9%	18.4%	13.1%	13.9x	26.8x	3.4x
Republic Services	67,794	16,670	5.9%	4.6%	31.4%	19.9%	12.7%	14.7x	30.7x	2.5x
Waste Connection	44,881	9,464	8.6%	6.0%	25.6%	12.0%	12.5%	16.3x	31.8x	3.8x
Veolia Environmental	24,329	45,997	0.5%	4.1%	13.1%	6.4%	2.9%	6.2x	9.0x	3.8x
GFL Environmental	16,200	6,595	-6.1%	7.6%	20.0%	0.0%	-4.1%	14.4x	65.6x	3.8x
Enviri Corp	1,403	2,236	4.9%	3.8%	10.7%	1.4%	-4.2%	10.0x		7.9x
Average	40,313	17,708	4.2%	5.3%	21.8%	9.7%	5.5%	12.6x	32.8x	4.2x
Oil Refining / Chemic	al Processing									
Phillips 66	53,879	128,580	-7.1%	4.1%	3.2%	1.3%	1.8%	7.4x	11.1x	3.8x
HF Sinclair Corp	9,685	25,549	10.0%	0.7%	4.3%	0.9%	0.9%	4.9x	10.1x	1.1x
Calumet Inc	1,618	4,177	0.4%	8.7%	6.7%	0.2%	-5.9%	11.3x		
Average	21,727	52,769	1.1%	4.5%	4.7%	0.8%	-1.1%	7.9x	10.6x	2.5x

Stronger growth but lower margin vs. top-tier peers

- CLH's 10.5% forward revenue CAGR exceeds the 5.3% peer average
- CLH's 19.4% EBITDA margin sits below WM/Republic but above long-tail players

Valuation modest vs. high-quality waste names

- Trades at 9.8× EV/EBITDA, below peer avg. of 12.6×
- Premium P/E partly reflects higher growth and hazardous-waste mix



Reshoring

Reshoring is a driver of future volume growth. Companies have committed hundreds of billions of dollars to set up manufacturing facilities in the US

Pharma

Across All Industries

Company Name	US Investment	Time Horizon	Location
Pfizer	\$70B	3-year	U.Swide
GSK	\$30B	5 years	U.Swide
Eli Lilly	\$27B	5 years	Virginia
1&1	\$55B	4–10 years	North Carolina
Roche	\$50B	5 years	Indiana; NC; MA; CA; PA
AstraZeneca	\$50B	By 2030	VA; MD; MA; CA; IN; TX
Novartis	\$23B	5 years	San Diego
Sanofi	\$20B+	Through 2030	U.Swide
Biogen	\$2B additional	Multi-year	North Carolina
Merck	\$70B+	Through 2028	VA; DE; NC; KS
Amgen	\$3.5B	Ongoing	OH; NC; CA; PR
Novo Nordisk	N/A	Ongoing	U.Swide
AbbVie	\$10B	Next decade	11 U.S. sites
Gilead	\$11B new; \$32B total pledge	Multi-year	Foster City, CA + 2 sites
Cipla	N/A	Ongoing	MA; NY
CSL	\$1.5B	5 years	U.Swide
			Source: Reuters

Non-exhaustive list from website scraping			
Company	Plant Type	Location	Start Date
ABB E-mobility	DC fast EV chargers	SC	2023
Enel PV Factory	Solar	OK	2024
Form Energy	Batteries	WV	2024
Intel	Semiconductors	AZ	2024
Marathon / Neste - Martinez Renewables	Renewable diesel / SAF	CA	2024
Phillips 66	RD/SAF	CA	2024
Prolec GE	Power transformers (capacity expansion)	LA	2024
Qcells (Hanwha)	Solar ingots/wafer/cell/module	GA	2024
Samsung Semiconductor	Semiconductors	TX	2024
Siemens Mobility	Passenger railcars & overhaul	NC	2024
BP	RD/SAF	WA	2025
DGD (Valero/Darling) - Port Arthur	Renewable diesel w/ SAF upgrade	TX	2025
Gotion	EV Batteries (LFP)	IL	2025
Intel	Semiconductors	OH	2025
LG Energy	EV Batteries	MI	2025
Micron	Semiconductors	ID	2025
PARR	RD/SAF	HI	2025
TSMC	Semiconductors	AZ	2025
Tesla (Giga Nevada expansion)	4680 cells & Semi	NV	2025
Texas Instruments	Semiconductors	TX	2025
Toyota	EV	IN	2025
Toyota Battery Mfg. NC (TBMNC)	EV/PHEV/HEV Batteries	NC	2025
Abbott Labs	Nutritional Formulas	OH	2026
CP Chem & QatarEnergy	Chemicals	TX	2026
First Solar	Solar	LA	2026
Ford	EV Batteries (LFP)	MI	2026
Lilly	Pharmaceuticals	IN	2026
Siemens Energy	Power Transformers	NC	2026
Texas Instruments	Semiconductors	UT	2027
Lake Charles Methanol	Chemicals	LA	2027
Scout Motors (VW Group)	EV assembly	SC	2027
World Energy/APD	RD/SAF	CA	2027

"Reshoring is a real opportunity. Just pharmaceuticals alone, they're spending \$100B+ moving manufacturing back to the US. The broader industrials universe is even bigger. This will create a multi-year tailwind for CLH." -- Jim Buckley, Clean Harbors Investor Relations



ROIC

ROIC to improve as company mix towards higher-margin environmental service solutions and utilization rate scales

