

**Rating**  
BUY

**Company**  
Clean Harbors, Inc



**Analyst**  
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Equity Analyst



**UASBIG Sector**  
Industrials  
Environmental Services

**Exchange Ticker**  
NYSE: CLH

**Buy In Date**  
5/1/2023

**Buy In Market Value**  
\$147.47

**Price Target**  
\$202.08

Clean Harbors, North America's leading environmental services provider and the largest hazardous waste disposal company, offers a compelling investment opportunity. The current stock price at \$141.72 is undervalued, with a 42% potential upside over the next 12-24 months.

Founded in 1980, Clean Harbors has emerged as a dominant player in the environmental services sector. It serves over 300,000 customers, including Fortune 500 companies and the automotive industry, following the strategic acquisition of Safety-Kleen. Clean Harbors' industry dominance is bolstered by its extensive infrastructure, which includes nine commercial hazard incinerators and ownership of 30% of hazardous waste landfills and Treatment, Storage, and Disposal Facilities (TSDF) across North America.

While hazardous waste disposal presents elevated liability risks compared to traditional waste management companies, Clean Harbors mitigates these risks through its unwavering commitment to workplace safety, evidenced by its industry-low Total Recordable Incident Rate (TRIR). In an economic downturn, Clean Harbors will demonstrate its resilience, as its services remain essential for public health and safety, ensuring a steady stream of revenue from a diverse customer base.

Clean Harbors has consistently outperformed the S&P 500 since its IPO in 1995, boasting a remarkable Compound Annual Growth Rate (CAGR) of 17%. This growth potential is further supported by the increasing environmental concerns driving demand for environmentally responsible waste management solutions. Investors should be aware of the company's foreign currency exposure, although approximately 13.0% of its fiscal 2022 direct revenues were generated in Canada.

Overall, Clean Harbors represents an outstanding investment opportunity, characterized by its sustained growth, diverse customer base, and formidable presence in the environmental services industry. With the catalysts of heightened environmental consciousness, rapid industrialization, and government initiatives against illegal dumping, Clean Harbors is well-positioned for significant growth potential, estimated at 42% over the next 12-24 months. Investors seeking a robust, recession-resistant stock with substantial growth prospects should consider adding Clean Harbors to their portfolio.

### Key Data

|                              |                    |
|------------------------------|--------------------|
| <b>Market Capitalization</b> | <b>\$7.75B</b>     |
| Price (12/30/22)             | \$114.12           |
| Price Target                 | \$202.08           |
| 52 Week Range                | \$81.56 – \$146.05 |
| Net Debt                     | \$1.93B            |
| Beta                         | 1.18               |

### Estimates

#### GAAP EPS

| <i>FY</i> | <b>2022A</b> | <b>2023E</b> | <b>2024E</b> |
|-----------|--------------|--------------|--------------|
| EPS       | \$7.56       | \$6.96       | \$7.89       |
| Q1        | .83          | 1.15         | 1.38         |
| Q2        | 2.71         | 2.20         | 2.45         |
| Q3        | 2.50         | 2.18         | 2.41         |
| Q4        | 1.52         | 1.44         | 1.66         |

### Valuation Summary

|            |          |
|------------|----------|
| DCF        | \$174.44 |
| Comparable | \$197.92 |
| Historical | \$233.89 |

### Current Key Metrics

| <i>FY</i> | <b>2022A</b> |
|-----------|--------------|
| P/E       | 15.1x        |
| EV/EBITDA | 8.29x        |
| EV/S      | 1.58x        |