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Oppenheimer Industrial Growth Conference

NYSE: CVA

May 2021

Cautionary Statements

All information included in this earnings presentation is based on continuing operations, unless otherwise noted.

Forward-Looking Statements

Certain statements in this press release may constitute “forward-looking” statements as defined in Section 27A of the Securities Act of 1933 (the “Securities Act”), Section 21E of the Securities Exchange Act of 1934 (the “Exchange Act”), the Private Securities Litigation Reform Act of 1995 (the “PSLRA”) or in releases made by the Securities and Exchange Commission (“SEC”), all as may be amended from time to time. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of Covanta Holding Corporation and its subsidiaries (“Covanta”) or industry results, to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Statements that are not historical fact are forward-looking statements. Forward-looking statements can be identified by, among other things, the use of forward-looking language, such as the words “plan,” “believe,” “expect,” “anticipate,” “intend,” “estimate,” “project,” “may,” “will,” “would,” “could,” “should,” “seeks,” or “scheduled to,” or other similar words, or the negative of these terms or other variations of these terms or comparable language, or by discussion of strategy or intentions. These cautionary statements are being made pursuant to the Securities Act, the Exchange Act and the PSLRA with the intention of obtaining the benefits of the “safe harbor” provisions of such laws. Covanta cautions investors that any forward-looking statements made by us are not guarantees or indicative of future performance. Important factors, risks and uncertainties that could cause actual results to differ materially from those forward-looking statements include, but are not limited to: the impact of the COVID-19 pandemic on our employees, business, and operations, or on the economy in general, including commercial and financial markets; our ability to identify opportunities and execute on strategies and transactions, including in connection with a strategic review of our business and including acquisitions, divestitures, and restructuring opportunities; seasonal or long-term fluctuations in the prices of energy, waste disposal, scrap metal and commodities; our ability to renew or replace expiring contracts at comparable prices and with other acceptable terms; adoption of new laws and regulations in the United States and abroad, including energy laws, environmental laws, tax laws, labor laws and healthcare laws; failure to maintain historical performance levels at our facilities and our ability to retain the rights to operate facilities we do not own; our ability to avoid adverse publicity or reputational damage relating to our business; advances in technology; difficulties in the operation of our facilities, including fuel supply and energy delivery interruptions, failure to obtain regulatory approvals, equipment failures, labor disputes and work stoppages, and weather interference and catastrophic events; difficulties in the financing, development and construction of new projects and expansions, including increased construction costs and delays; our ability to realize the benefits of long-term business development and bear the cost of business development over time; limits of insurance coverage; our ability to avoid defaults under our long-term contracts; performance of third parties under our contracts and such third parties' observance of laws and regulations; concentration of suppliers and customers; geographic concentration of facilities; increased competitiveness in the energy and waste industries; changes in foreign currency exchange rates; limitations imposed by our existing indebtedness, including limitations on strategic alternatives or transactions; our ability to perform our financial obligations and guarantees and to refinance our existing indebtedness; exposure to counterparty credit risk and instability of financial institutions in connection with financing transactions; the scalability of our business; our ability to attract and retain talented people; failures of disclosure controls and procedures and internal controls over financial reporting; our ability to utilize net operating loss carryforwards; general economic conditions in the United States and abroad, including the availability of credit and debt financing; and other risks and uncertainties affecting our business described in Item 1A. Risk Factors of our Annual Report on Form 10-K and in other filings by Covanta with the SEC.

Although Covanta believes that its plans, cost estimates, returns on investments, intentions and expectations reflected in or suggested by such forward-looking statements are reasonable, actual results could differ materially from a projection or assumption in any forward-looking statements. Covanta's and the joint ventures future financial condition and results of operations, as well as any forward-looking statements, are subject to change and to inherent risks and uncertainties. The forward-looking statements contained in this press release are made only as of the date hereof and Covanta does not have, or undertake, any obligation to update or revise any forward-looking statements whether as a result of new information, subsequent events or otherwise, unless otherwise required by law.

Note: All estimates with respect to future periods are as of April 29, 2021. Covanta does not have or undertake any obligation to update or revise any forward-looking statements whether as a result of new information, subsequent events or otherwise, unless otherwise required by law.

Discussion of Non-GAAP Financial Measures

We use a number of different financial measures, both United States generally accepted accounting principles (“GAAP”) and non-GAAP, in assessing the overall performance of our business. To supplement our assessment of results prepared in accordance with GAAP, we use the measures of Adjusted EBITDA and Free Cash Flow which are non-GAAP measures as defined by the Securities and Exchange Commission. The non-GAAP financial measures of Adjusted EBITDA and Free Cash Flow as described below, and used in this release, are not intended as a substitute or as an alternative to net income or cash flow provided by operating activities as indicators of our performance or liquidity or any other measures of performance or liquidity derived in accordance with GAAP. In addition, our non-GAAP financial measures may be different from non-GAAP measures used by other companies, limiting their usefulness for comparison purposes. The presentations of Adjusted EBITDA and Free Cash Flow are intended to enhance the usefulness of our financial information by providing measures which management internally use to assess and evaluate the overall performance of its business and those of possible acquisition or divestiture candidates, and highlight trends in the overall business.

Note: Throughout this presentation, certain amounts may not total due to rounding

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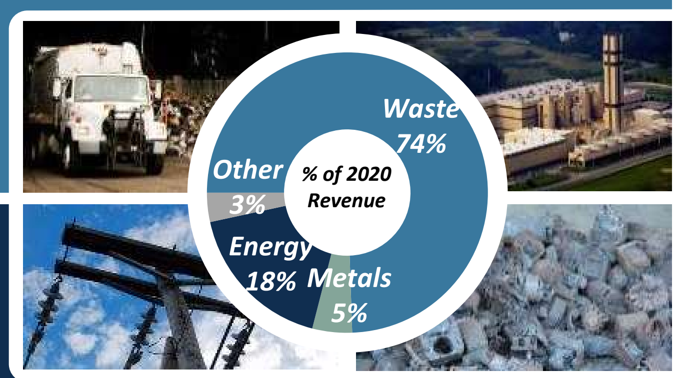
Covanta: World Leader in Waste-to-Energy

Waste:

Operate **41** Waste-to-Energy (WTE) facilities

~21 million tons processed annually → 1:1 tons of CO_2 equivalent offset

20 material processing facilities



NYSE: CVA

2021 Guidance:

- **Adjusted EBITDA: $460 to 480 million**
- **Free Cash Flow: $125 to 155 million**

$0.32 Dividend

Energy:

~10 million MWh generated annually

1,700+ MW base load capacity

Metals:

~600,000 gross tons of ferrous and non-ferrous recovered annually

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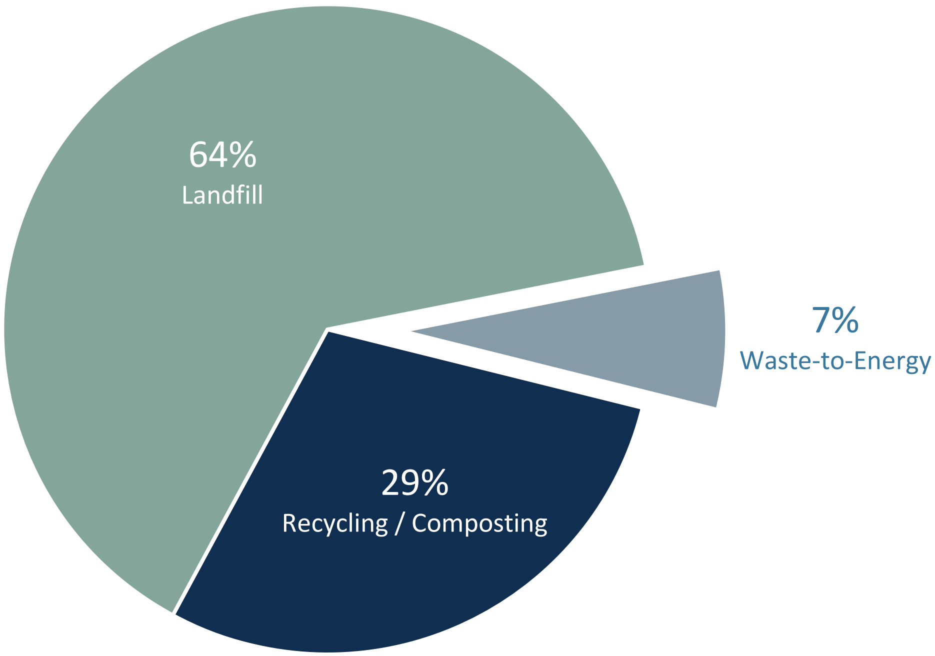
Market Leader in the US

~400 Million Tons of Waste Annually



Covanta operates about 75% of this market

Benefits of WTE

- Environmentally sustainable waste management
- Renewable energy source
- Combats climate change

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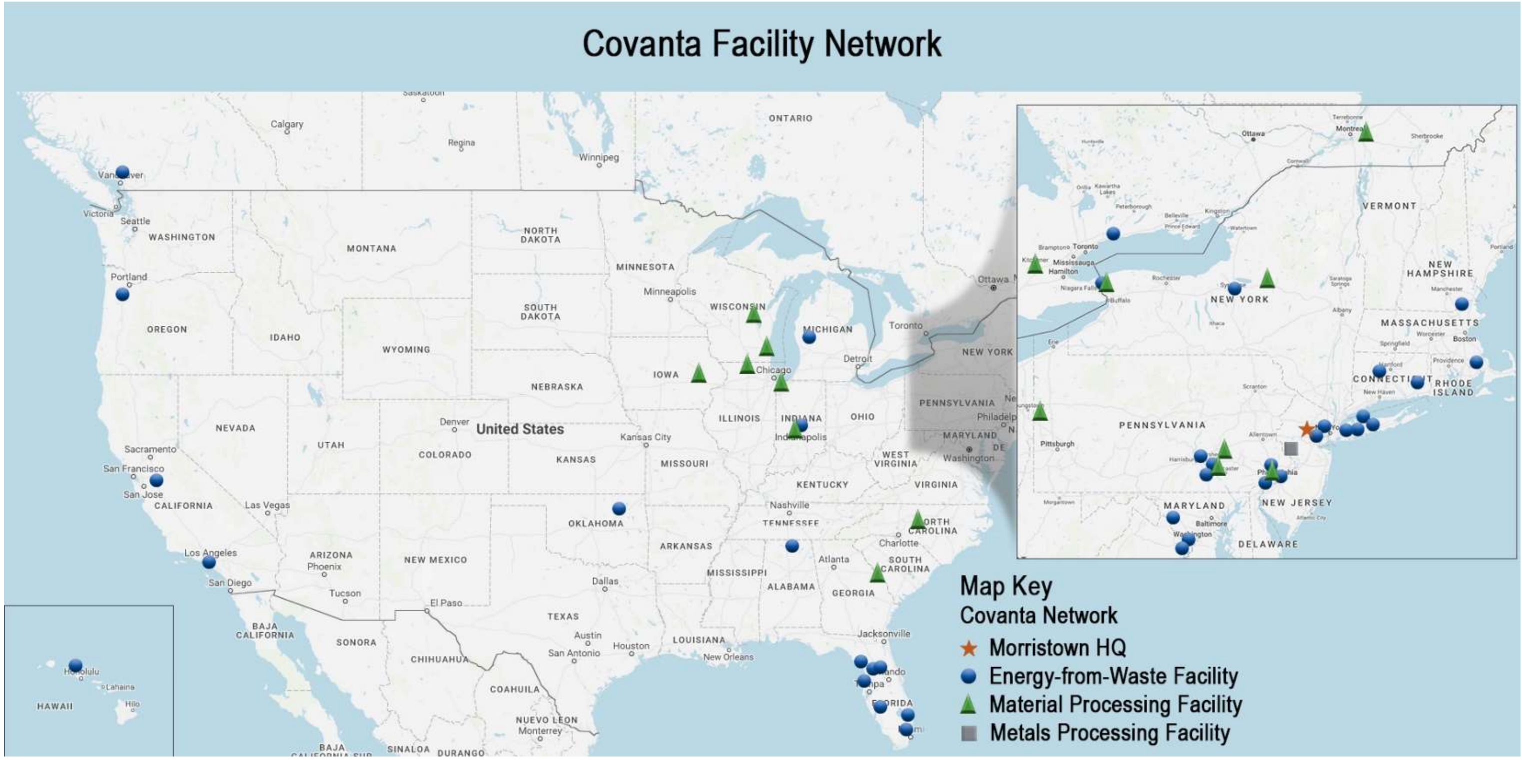
Irreplaceable Infrastructure



Benefits of WTE

- Concentrated in attractive, densely-populated markets
- Continued decline in available proximate landfill capacity
- Cost advantage vs. long haul transfer to landfills
- Electricity sold at high demand points

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Strategic Review Update and Long-term Financial Outlook

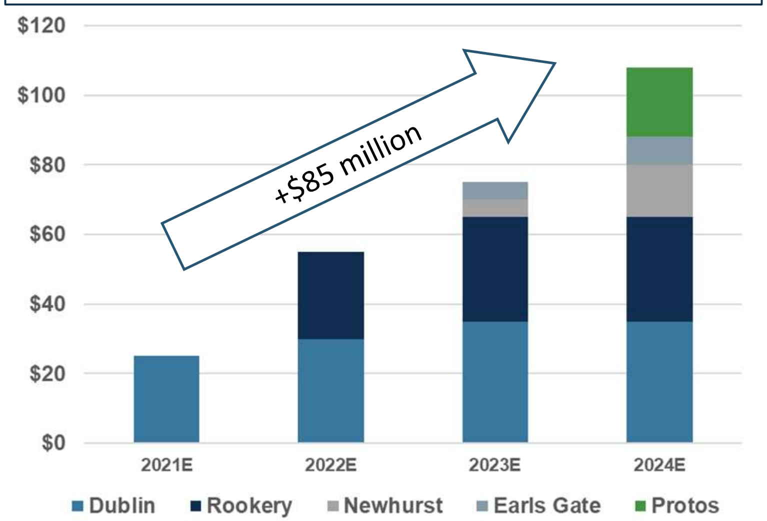
- **Strong Q1 2021 business performance and raising 2021 financial guidance**
- **Strategic review update:**
  - Initiating overhead cost rationalization program totaling $30 million in annual savings by 2023
  - Continuing to explore third party interest in discrete assets
  - Addressing underperforming operations – close assets and renegotiate or exit operating contracts over time
  - Establishing long-term financial outlook

Financial Outlook (1)

($ in millions)	Adjusted EBITDA	Free Cash Flow
2021 Guidance	$460 - $480	$125 - $155
2024 Outlook	> $600	> $250

Leverage ratio below 6x in 2021 and below 5x by 2022

UK / Ireland Adjusted EBITDA (2)



1. Financial outlook assumptions include:
   - Energy prices and FX rates at current market forward curves (April 2021);
   - Metal prices at $300 / ton for #1 HMS index and $0.60 / lb for Old Cast Aluminum Scrap (in real terms); and
   - No material changes to asset portfolio other than planned exits from underperforming operations.
2. Includes UK / Ireland overhead.

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UK / Ireland Project Update

Earls Gate
- 215k tonnes / 21 MW
- Partners: CVA (25%) / GIG (25%) / Brockwell Energy (50%)
- Status: In Construction – Q1 2023 Operations
- Operator: CNIM
- Proportional Adjusted EBITDA Contribution: ~$8 million

Protos
- 400k tonnes / 49 MW
- Partners: CVA (37.5%) / GIG (37.5%) / Biffa (25%)
- Status: In Construction – Q1 2024 Operations
- Operator: Covanta
- Proportional Adjusted EBITDA Contribution: ~$20 million

Newhurst
- 350k tonnes / 40 MW
- Partners: CVA (25%) / GIG (25%) / Biffa (50%)
- Status: In Construction – Q2 2023 Operations
- Operator: Covanta
- Proportional Adjusted EBITDA Contribution: ~$15 million

Rookery
- 545k tonnes / 60 MW
- Partners: CVA (40%) / GIG (40%) / Veolia (20%)
- Status: In Construction – Q1 2022 Operations
- Operator: Covanta
- Proportional Adjusted EBITDA Contribution: ~$30 million

Dublin
- 600k tonnes / 60 MW
- Partners: CVA (50%) / GIG (50%)
- Status: Operational
- Operator: Covanta

Investment Schedule

($ in millions)	2018A	2019A	2020A	2021 to 2024E	Total
Covanta investment	$(22)	$(12)	$(20)	$(140)	~$(190)
Sale proceeds / premiums received	167	22	15	-	204
Net proceeds / investment	$145	$10	$(5)	$(140)	~$15

Financial Outlook at Full Operation

Free Cash Flow	Adjusted EBITDA
$50 to $60 million annually including dividends and O&M fees	**$105 to $115 million** annually for CVA proportional interest

New development projects to be announced as they progress

Notes: Investment schedule and financial outlook based on current forward curve for foreign exchange rates.
Proportional, unconsolidated, non-recourse project debt to total ~$650 million representing debt balance at Dublin of $213 million at 3/31/21 plus projected fully funded amounts to complete construction of UK projects.

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First Quarter Operations and Markets Update

Waste	• WtE tip fee prices up 4% year-over-year on same store basis • Volume flows to Covanta plants largely normalized to pre-COVID levels • Driving price through improved mix and re-contracting in markets with tightening disposal capacity
Energy and Metals	• Metals sales volumes up 14% due to higher recovery, improved processing, and sales timing • Realized metals prices up over 80% driven by strong demand and limited market supply • Low Northeast temperatures drove 4% increase in realized energy prices in the quarter
Operations and Costs	• Improved visibility on balance of year given successful execution of heavy maintenance schedule • Q1 maintenance expense of $105 million represents over 30% of full year target • Revenue growth generating significant operating leverage on stable cost base
Sustainability	• Reduced lifecycle GHG emission equivalents by 4.2 million metric tonnes through WtE processing • Continue to support environmental justice by engaging with our communities and working to mitigate environmental and community impacts

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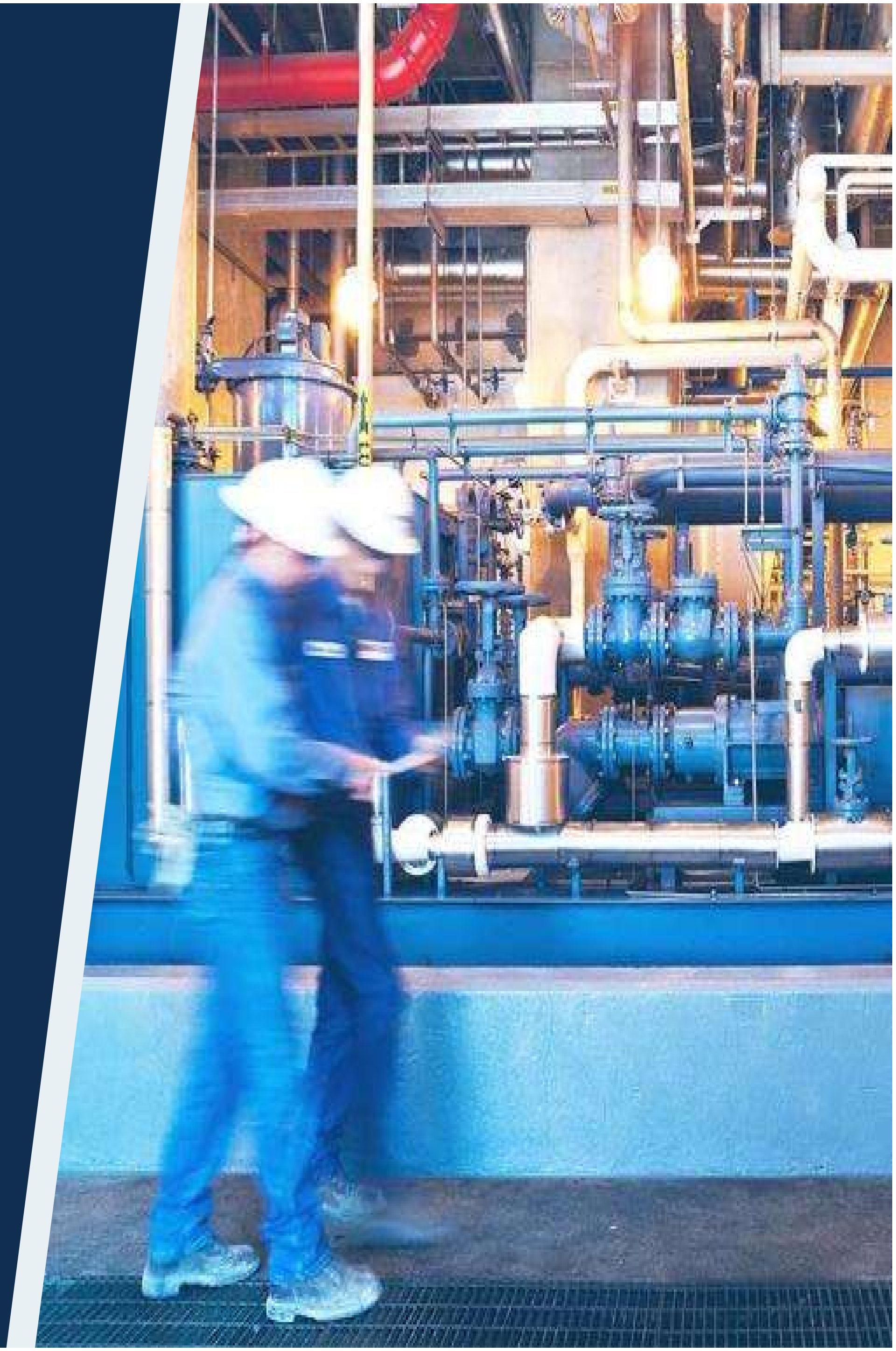
Commitment to Sustainability



Sustainability Is the Foundation of Our Business

18.7 MILLION METRIC TONNES — Greenhouse Gases Reduced

995 THOUSAND TONS — Waste Recycled

- **600** THOUSAND TONS — Metal
- **360** THOUSAND TONS — Water
- **35** THOUSAND TONS — Other (Composting, E-Waste, Plastics, Anaerobic Digestion, etc.)

ONE MILLION — Homes Powered

People

Focusing on Workplace Safety

- **3/4** of our facilities went OSHA-recordable injury free in 2020
- Our overall OSHA recordable rate dropped to its lowest rate yet **(0.73)**, a decrease of **9%** from 2019

Driving Diversity, Equity and Inclusion

- **22%** of our leadership roles are currently held by women, **19%** are held by racially diverse individuals
- We have committed to **advancing DEI** within our workforce to better represent the communities we serve

Committing to Our Communities

- We donated approximately **$2 million** to support important causes and groups in the communities we serve
- We're **committed to the well-being of our employees and clients**, so we implemented strict health and safety measures to ensure that our essential services continued during the pandemic

Planet

Addressing Climate Change

- We reduce greenhouse gases by up to **one ton** for every ton of waste our facilities keep out of landfills
- Our upcoming U.K. facilities will help us divert another **1.5 million** metric tonnes of waste a year

Safeguarding the Environment

- We're installing new low NOx technology in **eight** units at **three** facilities
- Our facilities achieved **100%** compliance with stringent stack testing and operate up to **90%** better than regulatory standards

Prosperity

Stimulating Local Economies

- We provide **4,000** well-paying careers across **40+** locations, generate **several hundred** construction jobs with every new development project and **drive economic activity** in the communities where we operate through the procurement of a wide range of goods and services

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Advancing the Circular Economy

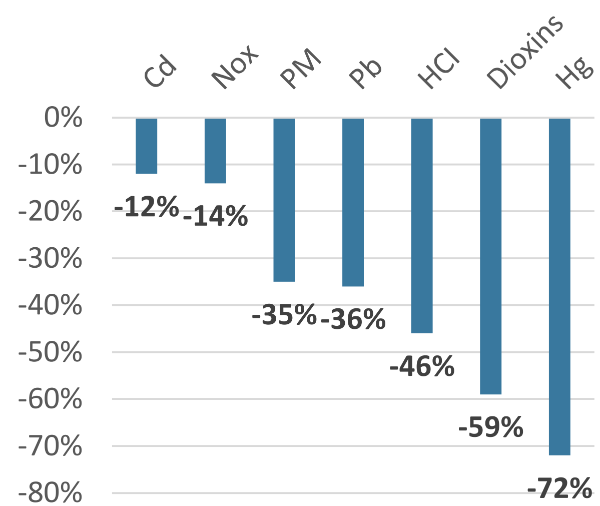
What we do every day helps our communities, clients, and customers find practical solutions to significant societal challenges: waste and materials management, clean energy, and global climate change.

Our mission is to ensure that no waste is ever wasted.

Environmental Highlights

- More than **21 million tons** of waste diverted from landfills
- Recycled nearly one million tons of waste, a 32% increase in five years, 600 thousands of which is metal
- All Covanta Waste-to-Energy facilities are **self-sustaining**, powering their operations from their combusted waste
- Collectively, Covanta facilities recover enough clean energy to power more than **one million homes** for a full year
- Emissions are highly regulated, operating up to approximately **90% better** than permitted standards
- Issued **Inaugural Green Bond** in 2019
- A new commitment to set a science-based target and implementation plan by 2022 to **achieve net zero GHG emissions** from our operations by 2050

Covanta 2017-2019 Emissions Reduction since 2007



Since Covanta launched its sustainability program in 2007, emissions of pollutants at Covanta-operated facilities, as measured over the three-year period from 2017-2019, have decreased by up to 72%.

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Our People and Our Communities

Social Highlights

- A 9% reduction in injury rate vs 2019 to 0.73, a record low, with 2/3 of facilities injury-free
- Diverse workforce of which 15% are also veterans
- Community Outreach Plan at 100% of facilities, where 98% have had 8 or more community interactions
- More than 20,000 community members educated about sustainable waste management through tours
- Globally, $1.8 million sum donated to local community groups and projects
- Launched Early Career Development Program and Employee Resource Groups to foster employee growth, leadership and mentorship opportunities
- Won several awards for being an active and responsible community member

*Data represents FY 2020 performance, unless otherwise noted

Cultivating Leadership and Governance

Governance Highlights

- The **Nominating and Governance Committee** oversees sustainability strategy and program
- **Audit Committee** and **Nominating and Governance Committee** oversee ethics, policy & compliance risk, and cybersecurity risk
- Strong history of **Pay for Performance** with significant at risk compensation for NEOs
- A **culture of high standards** in risk management, personal integrity and professional judgment from all employees
- **Annual compliance training** required
- **36%** board diversity

For more information on Covanta's sustainability policies, programs, goals and performance, including our 2019 Sustainability Report, please visit: **covanta-csr.com**

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Financial Details

Waste Update

- **Q1 2021 revenue drivers vs. Q1 2020:**
  - Same store WtE tip fee revenue:
    - Price up $6 million (4%)
    - Volume down $8 million (5%) due to planned maintenance activity
    - WtE profiled waste revenue down by 8% vs. strong Q1 2020, but set record in March
  - Service fee revenue up $4 million (3%)

- **Trends and outlook:**
  - 3% to 5% same store WtE tip fee price growth
    - Re-contracting activity to benefit from market tightness in key regions
    - Better mix from stabilization of economy and profiled waste growth
  - Service fee revenue to improve from increased client waste processed vs. 2020

(Unaudited; in millions, except price)	Q1 2021	Q1 2020	2021E
Waste Revenue:			
Tip fee	$159	$161	$675 - $700
Service fee	123	119	485 - 495
Waste to energy processing	**$282**	**$279**	**$1,155 - $1,190**
Materials processing and recycling	25	22	100 - 105
Waste handling and disposal	67	67	285
Intercompany	(30)	(28)	(125)
Total	**$343**	**$340**	**$1,420 - $1,460**
WtE Tons: [1]			
Tip fee contracted	2.0	2.1	8.8 - 8.9
Tip fee uncontracted	0.6	0.6	1.9 - 2.0
Service fee	2.5	2.6	10.5 - 10.6
Total	**5.1**	**5.3**	**21.2 - 21.5**
WtE Tip Fee Revenue/Ton:			
Contracted	$57.22	$54.04	
Uncontracted	$80.24	$82.87	
Average Tip Fee	**$62.54**	**$60.36**	**$63.00 - $64.00**

1. Excludes liquid waste.

**Assumes no material operational disruptions due to COVID-19*

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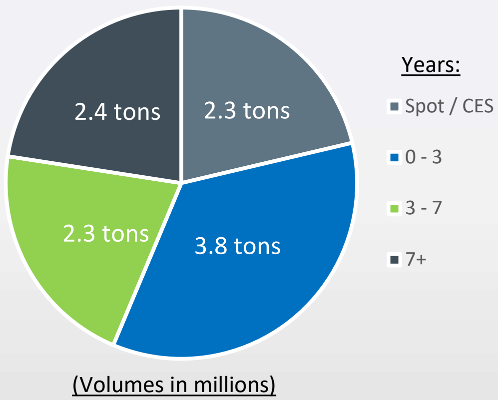
Major Waste Contracts

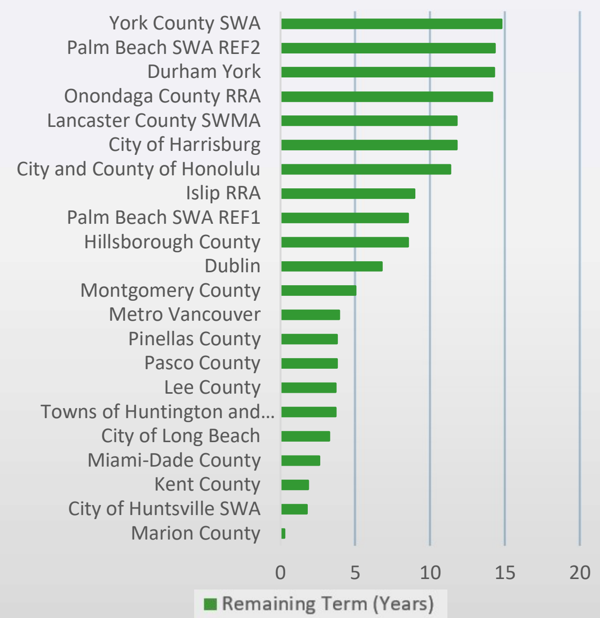
2020 Tip Fee Volume by Contract Length

Weighted average contract length: 6 years



Service Fee Facilities by Contract Length

Weighted average contract length: 8 years



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Energy Update

- **Q1 2021 revenue drivers vs. Q1 2020:**
  - Same store WtE energy sales:
    - Price up $3 million (4%)
    - Volume down $4 million (6%) due to planned maintenance activity
  - Wholesale load serving revenue higher on contracts won in 2020

- **Trends and outlook:**
  - 2021 spot prices modestly higher than 2020
  - Wholesale load serving revenue reflects full year impact of contracts won in 2020
  - Hedge activity:
    - 2021 energy sales revenue 10% exposed
    - 1.5 million MWh already hedged for 2022

(Unaudited; in millions, except price)	Q1 2021	Q1 2020	2021E
Energy revenue:			
Energy sales	$76	$77	$255 - $275
Capacity	10	10	40
Wholesale load serving (1)	11	4	55
RECs and other	7	2	25
Total	**$104**	**$93**	**$375 - $395**
MWh Sold:			
Contracted	0.5	0.5	2.0 - 2.1
Hedged (2)	0.8	0.8	2.9
Market	0.2	0.3	1.4 - 1.5
Total	**1.6**	**1.6**	**6.3 - 6.5**
Revenue per MWh: (3)			
Contracted	$68.12	$66.32	$67
Hedged (2)	$43.37	$45.68	$32
Market	$26.68	$19.15	$19 - $29
Average	**$48.52**	**$47.27**	**$40.50 - $42.50**

1. Includes wholesale energy load serving revenue not included in Energy sales line, such as transmission and ancillaries.
2. Hedged MWhs and revenue includes hedge from wholesale energy load serving.
3. Excludes capacity and other energy revenue.

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Long Term Outlook: Energy Detail

(Unaudited, in millions, except price)	2019A	2020A	2021E	2022E	2023E	2024E	2025E
MWh Sold – CVA Share:							
Contracted	2.1	2.0	2.0	2.1	2.1	2.1	1.9
Hedged [1]	3.0	3.8	2.9	1.5	0.3	-	-
Market	1.3	0.6	1.5	2.9	4.1	4.5	4.6
Total MWh Sold	6.4	6.5	6.4	6.6	6.6	6.5	6.5
Market Sales (MWh) by Geography:							
PJM East	0.6	0.1	0.7	1.5	2.5	2.7	2.7
NEPOOL	0.3	0.1	0.3	0.9	1.2	1.2	1.1
NYISO	0.1	0.1	0.2	0.2	0.2	0.2	0.3
Other	0.3	0.3	0.3	0.4	0.4	0.4	0.4
Total Market Sales	1.3	0.6	1.5	2.9	4.1	4.5	4.6
Revenue per MWh: [2]							
Contracted	$65.8	$67.90	$67				
Hedged [1]	$34.29	$30.51	$32				
Market	$26.31	$19.83	$24				
Average Revenue per MWh	**$42.81**	**$41.24**	**$41.50**				
Capacity Revenue [3]	**$44**	**$41**	**$40**				

Note: hedged generation as presented above reflects only existing hedges.

1. Hedged MWhs and revenue per MWh includes hedge from wholesale energy load serving.
2. Excludes capacity and other energy revenue.
3. Capacity revenue is approximate, includes bilateral agreements and only represents full year periods in which auctions have already settled.

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Materials Sales Update

- **Q1 2021 revenue drivers vs. Q1 2020:**
  - Ferrous:
    - Realized pricing up $9 million (85%) on higher HMS and better sales mix
    - Same store volume up $3 million (28%) on better recovery and sales timing
  - Non-ferrous:
    - Realized pricing up $6 million (86%) on higher Old Cast and copper prices
    - Same store volume up $1 million (9%) on sales timing
- **Trends and outlook:**
  - Metals prices improving on industrial recovery, strong mill utilization, limited scrap supply and increased structural demand for recycled products
    - HMS index at $401 per ton in April
    - Old Cast index at $0.70 per pound in April
  - TAPS remains in commissioning

(Unaudited; $ in millions, except price, tons in thousands)	Q1 2021	Q1 2020	2021E
Materials sales revenue:			
Ferrous	$22	$10	$65 - $75
Non-ferrous	13	7	50 - 60
Total	**$36**	**$17**	**$115 - $135**
Tons recovered:			
Ferrous	114	103	455 - 465
Non-ferrous	11	12	50 - 55
Tons sold:			
Ferrous	104	91	395 - 405
Non-ferrous	8	8	32 - 37
Revenue per ton sold:			
Ferrous	$213	$115	$165 - $200
Non-ferrous	$1,656	$900	$1,500 - $1,600
Average HMS index price (1)	$367	$236	$300 - $350
Average Old Cast Aluminum (2)	$0.63	$0.39	$0.60 - $0.65

1. 2021 and 2020 average #1 Heavy Melt Steel composite index ($ / gross ton) as published by American Metal Market.
2. 2021 and 2020 average Old Cast Aluminum Scrap ($ / pound) as published by American Metal Market.

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Maintenance and Operating Expenses

- **Q1 2021 drivers vs. Q1 2020:**
  - Completed over 30% of full year estimated maintenance expense
  - Other operating costs increased primarily due to new wholesale load serving activity

- **Trends and outlook:**
  - 2021 maintenance capex to moderate vs. 2020 with reduced schedule of large capital projects
  - Other operating costs for rest of year to reflect:
    - Unfavorable comparison to 2020 pandemic related temporary cost reduction program
    - Higher property insurance premiums
    - Higher wholesale load serving

(Unaudited, in millions)	Q1 2021	Q1 2020	2021E
Maintenance expense:			
WtE	$103	$90	$310 - $320
Other	2	2	10
Total	**$105**	**$92**	**$320 - $330**
Maintenance capex:			
WtE	$30	$34	$110 - $120
Other	3	6	10 - 15
Total	**$33**	**$40**	**$120 - $135**
Total WtE Maintenance Spend	**$133**	**$124**	**$420 - $440**
Wages and benefits:			
WtE	$95	$93	
Other	30	29	
Total	**$125**	**$122**	
Other operating costs:			
WtE	$99	$93	
Other	68	64	
Total	**$167**	**$157**	

**Assumes no material operational disruptions due to COVID-19*

Non-GAAP Reconciliation: Adjusted EBITDA

	Q1		Full Year		LTM
(Unaudited, in millions)	2021	2020	2020	2019	March 31, 2021
Net income (loss)	**$2**	**$(32)**	**$(28)**	**$10**	**$6**
Depreciation and amortization expense	57	58	224	221	223
Interest expense	31	34	133	143	130
Income tax benefit	(18)	(5)	(18)	(7)	(31)
Impairment charges	—	19	19	2	—
Net gain on sale of business and investments	—	(9)	(26)	(49)	(17)
Loss on extinguishment of debt	—	—	12	—	12
Property insurance recoveries, net	—	—	(1)	—	(1)
(Gain) loss on sales of assets and retirements	(1)	—	3	4	2
Accretion expense	1	1	2	2	2
Business development and transaction costs	2	—	1	2	3
Severance and reorganization costs	4	—	5	13	9
Stock-based compensation expense	9	8	29	25	30
Adjustments to reflect Adjusted EBITDA from unconsolidated investments (1)	7	6	24	25	25
Capital type expenditures at client owned facilities (2)	14	14	36	34	36
Other	(2)	3	9	3	4
Adjusted EBITDA	**$106**	**$97**	**$424**	**$428**	**$433**

1. Adjustment to equity in income from unconsolidated investments to adjust for the proportional impact of depreciation & amortization, interest expense, and taxes at unconsolidated subsidiaries (i.e., "proportional Adjusted EBITDA").
2. Adjustment for impact of adoption of FASB ASC 853 – *Service Concession Arrangements*.

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Non-GAAP Reconciliation: Adjusted EBITDA and Free Cash Flow

(Unaudited, in millions)	Q1 2021	Q1 2020	Full Year 2020	Full Year 2019	Full Year 2021E
Adjusted EBITDA	**$106**	**$97**	**$424**	**$428**	**$460 - $480**
Cash paid for interest	(52)	(39)	(112)	(152)	(125)
Cash (paid) refunded for taxes	(1)	(1)	4	(5)	(5)
Capital type expenditures at client owned facilities (1)	(14)	(14)	(36)	(34)	(35)
Equity in net income from unconsolidated investments	(1)	(1)	(4)	(6)	(5)
Adjustments to reflect Adjusted EBITDA from unconsolidated investments (2)	(7)	(6)	(24)	(25)	(30)
Dividends from unconsolidated investments	—	—	9	9	10
Adjustment for working capital and other	21	25	(7)	11	10 - (10)
Net cash provided by operating activities	**52**	**61**	**$254**	**$226**	**$250 - $280**
Changes in restricted funds - operating (3)	—	(2)	1	20	-
Software implementation expenditures (4)	—	(1)	(2)	(4)	(5)
Maintenance capital expenditures	(33)	(40)	(160)	(102)	(120) - (135)
Free Cash Flow	**$19**	**$18**	**$93**	**$140**	**$125 - $155**

1. Adjustment for impact of adoption of FASB ASC 853 – *Service Concession Arrangements*.
2. Adjustment to reconcile equity in income from unconsolidated investments to proportional Adjusted EBITDA.
3. Adjustment for the impact of the adoption of ASU 2016-18 effective January 1, 2018. As a result of adoption, the statement of cash flows explains the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, changes in restricted funds are eliminated in arriving at net cash, cash equivalents, and restricted funds provided by operating activities.
4. Due to the adoption of ASU 2018-15 effective January 1, 2020, these expenditures, previously included in Maintenance capital expenditures above and Purchases of property, plant and equipment on our consolidated statement of cash flows, are now included in Other, net in the investing section of our consolidated statement of cash flows.

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Capital Allocation

(Unaudited, in millions)	Q1 2021	FY 2020	FY 2021 Estimate
Free Cash Flow	**$19**	**$93**	**$125 - $155**
Domestic growth investments	(1)	(14)	(5)
International growth investments	(1)	(20)	(15)
Total growth investments	(2)	(33)	(20)
Proceeds from asset sales [1]	—	15	—
Dividends paid	(11)	(89)	(43)
Cash flow available for debt reduction	**$6**	**$(14)**	**$65 - $95**

1. Includes gross cash received for sales and premiums/development fees received for development projects.

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Capitalization Summary

(Face value; unaudited, in millions)	March 31, 2021	December 31, 2020	December 31, 2019
Cash and cash equivalents	$56	$55	$37
Corporate debt:			
Secured	$715	$691	$659
Unsecured	1,744	1,744	1,744
Total corporate debt	$2,459	$2,435	$2,403
Project debt	121	123	131
Total debt	$2,580	$2,558	$2,534
Net debt (1)	$2,520	$2,499	$2,483
Stockholders' equity	$290	$310	$376
Credit Ratios:			
Leverage ratio (1)	6.1x	6.2x	6.1x
Senior credit facility leverage ratio (2)	2.0x	2.0x	2.2x

1. Leverage ratio is defined as net debt (total principal amount of debt outstanding on consolidated balance sheet, less cash and cash equivalents, restricted funds escrowed for debt principal repayment, and escrowed construction financing proceeds) divided by Adjusted EBITDA, excluding proportional Adjusted EBITDA from unconsolidated projects but including cash dividends from unconsolidated projects.
2. Leverage ratio as calculated for senior credit facility covenant. Effectively represents leverage at Covanta Energy, LLC and subsidiaries and ratio is pro forma for acquisitions (when applicable).

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Appendix

Illustrative JV Accounting

JV Financials		Impact on CVA Statements		
Income Statement				
Revenue	$110	O&M Revenue	$30	
Operating Expenses	(50)	O&M Expense	(25)	
Adjusted EBITDA	$60	O&M Margin	$5	
D&A	(20)			
Interest	(20)			
Tax	0	Equity in Income	10	(50% JV NI)
Net Income	$20	Net Income	$15	

Covanta nets $5 million from its O&M contract, as well as a 50% share in the facility's net income, totaling $15 million in net income to CVA

JV Financials		Impact on CVA Statements		
Cash Flow Statement				
Net Income	$20	Net Income	$15	
+ D&A	20	- Equity in Income	(10)	
Operating Cash Flow	$40	+ Dividends	8	(50% JV Div)
- Maintenance Capex	(5)	Free Cash Flow	$13	
Free Cash Flow	$35			
- Debt Principal	(20)			
Dividends	$15			

Subtracting the Equity in Income, which is non-cash, and adding the 50% dividend share results in a $12.5 million benefit to Free Cash Flow

JV Financials		Impact on CVA Statements	
Adjusted EBITDA			
Net Income	$20	Net Income	$15
+ Interest	20	+ Proportional Interest	10
+ D&A	20	+ Proportional D&A	10
+ Taxes	0	+ Proportional Taxes	0
Adjusted EBITDA	$60	Adjusted EBITDA	$35

Adding back 50% of JV D&A and Interest results in $35 million of Adjusted EBITDA to CVA

JV Financials		Impact on CVA Statements
Balance Sheet		
Assets	$550	Equity in Unconsolidated $50
Debt	450	
Equity	100	

Half of the $100 million in equity on the facility's balance sheet is recognized on Covanta's balance sheet

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Non-GAAP Financial Measures

Free Cash Flow

Free Cash Flow is defined as cash flow provided by operating activities, plus changes in operating restricted funds, less expenditures for software implementation and maintenance capital expenditures, which are capital expenditures primarily to maintain our existing facilities. We use the non-GAAP measure of Free Cash Flow as a criterion of liquidity and for performance-based components of employee compensation. We use Free Cash Flow as a measure of liquidity to determine amounts we can reinvest in our core businesses, such as amounts available to make acquisitions, invest in construction of new projects, make principal payments on debt, or amounts we can return to our stockholders through dividends and/or stock repurchases.

In order to provide a meaningful basis for comparison, we are providing information with respect to our Free Cash Flow for the three months ended March 31, 2021 and 2020 reconciled for each such period to cash flow provided by operating activities, which we believe to be the most directly comparable measure under GAAP.

Adjusted EBITDA

We use Adjusted EBITDA to provide additional ways of viewing aspects of operations that, when viewed with the GAAP results provide a more complete understanding of our core business. As we define it, Adjusted EBITDA represents earnings before interest, taxes, depreciation and amortization, as adjusted for additional items subtracted from or added to net income including the effects of impairment losses, gains or losses on sales, dispositions or retirements of assets, adjustments to reflect the Adjusted EBITDA from our unconsolidated investments, adjustments to exclude significant unusual or non-recurring items that are not directly related to our operating performance plus adjustments to capital type expenses for our service fee facilities in line with our credit agreements. We adjust for these items in our Adjusted EBITDA as our management believes that these items would distort their ability to efficiently view and assess our core operating trends. As larger parts of our business are conducted through unconsolidated investments, we adjust EBITDA for our proportionate share of the entity's depreciation and amortization, interest expense, tax expense and other adjustments to exclude significant unusual or non-recurring items that are not directly related to the entity's operating performance. in order to improve comparability to the Adjusted EBITDA of our wholly owned entities. We do not have control, nor have any legal claim to the portion of our unconsolidated investees' revenues and expenses allocable to our joint venture partners. As we do not control, but do exercise significant influence, we account for these unconsolidated investments in accordance with the equity method of accounting. Net income (losses) from these investments are reflected within our consolidated statements of operations in Equity in net income from unconsolidated investments. In order to provide a meaningful basis for comparison, we are providing information with respect to our Adjusted EBITDA for the three months ended March 31, 2021 and 2020, reconciled for each such period to net income and cash flow provided by operating activities, which are believed to be the most directly comparable measures under GAAP.

Our projections of the proportional contribution of our interests in joint ventures to our Adjusted EBITDA and Free Cash Flow are not based on GAAP net income/loss or cash flow provided by operating activities, respectively, and are anticipated to be adjusted to exclude the effects of events or circumstances in 2021 that are not representative or indicative of our results of operations and that are not currently determinable. Due to the uncertainty of the likelihood, amount and timing of any such adjusting items, we do not have information available to provide a quantitative reconciliation of projected net income/loss to an Adjusted EBITDA projection.

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