COVANTA

Powering Today. Protecting Tomorrow.

Raymond James Diversified Industrials Conference

NYSE: CVA AUGUST 2020

Cautionary Statements

COVANTA
Powering Today. Protecting Tomorrow.

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, as amended (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 Covanta are not guarantees or indicative of future performance. Important assumptions and other important factors, risks and uncertainties that could cause actual results to differ materially from those forward-looking statements with respect to Covanta include, but are not limited to: the risks and uncertainties affecting Covanta's business described in periodic securities filings by Covanta with the SEC. Important factors, risks, and uncertainties that could cause actual results of Covanta and the JV to differ materially from those forward-looking statements include, but are not limited to: seasonal or long-term fluctuations in the prices of energy, waste disposal, scrap metal and commodities, and Covanta's 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, tax laws, environmental laws, labor laws and healthcare laws; 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; failure to maintain historical performance levels at Covanta's facilities and Covanta's ability to retain the rights to operate facilities Covanta does not own; Covanta's and the joint ventures ability to avoid adverse publicity or reputational damage relating to its business; difficulties in the financing, development and construction of new projects and expansions, including increased construction costs and delays; Covanta's ability to realize the benefits of long-term business development and bear the costs of business development over time; Covanta's ability to utilize net operating loss carryforwards; limits of insurance coverage; Covanta's ability to avoid defaults under its long-term contracts; performance of third parties under its 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 Covanta's existing indebtedness and its ability to perform its financial obligations and guarantees and to refinance its existing indebtedness; exposure to counterparty credit risk and instability of financial institutions in connection with financing transactions; the scalability of its business; restrictions in its certificate of incorporation and debt documents regarding strategic alternatives; failures of disclosure controls and procedures and internal controls over financial reporting; Covanta's and the joint ventures ability to attract and retain talented people; general economic conditions in the United States and abroad, including the availability of credit and debt financing; and other risks and uncertainties affecting Covanta's businesses described in periodic securities filings by Covanta with the SEC.

In addition, the current COVID-19 pandemic is significantly impacting the national and global economy and commodity and financial markets. The full extent and impact of the pandemic is unknown and to date has included extreme volatility in financial and commodity markets, a significant slowdown in economic activity, and has raised the prospect of a global recession. The public and private sector response has led to significant restrictions on travel, temporary business closures, quarantines, global stock market volatility and a general reduction in consumer and construction activity globally. Matters outside our control have affected our business and operations and may or may continue to: limit travel of Company representatives to our business units domestically and internationally; adversely affect the health and welfare of our personnel; reduce the volume of waste materials into our facilities and/or the price at which we are able to attract such materials; or prevent important vendors and contractors from performing normal and contracted activities. If significant portions of our workforce are unable to work effectively, including because of illness, quarantines, government actions, travel restrictions, facility closures, social distancing requirements or other restrictions in connection with the pandemic, our operations could be materially impacted. It is possible that the continued spread of COVID-19 could also further cause disruption in our supply chains, adversely affect our business partners, delay our construction activities or cause other unpredictable events.

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 July 30, 2020. 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.

Covanta – World Leader in Waste-to-Energy

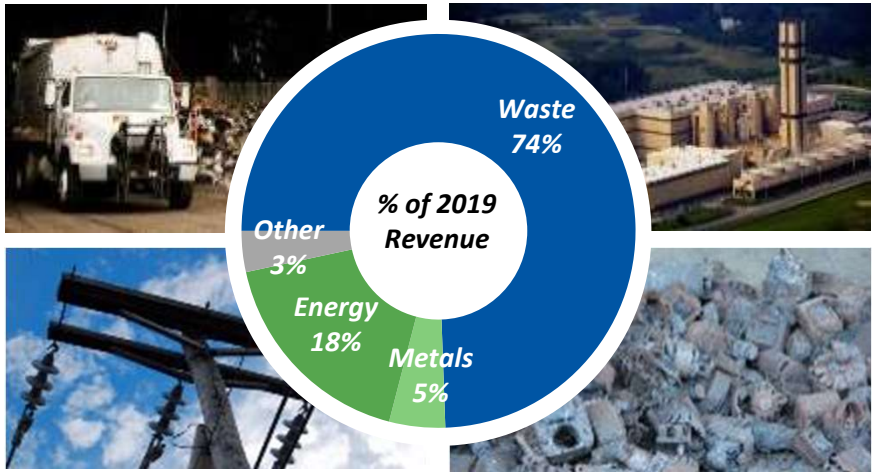
COVANTA
Powering Today. Protecting Tomorrow.

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

2019 Results:

- **Adjusted EBITDA: $428 million**
- **Free Cash Flow: $140 million**

$0.32 Dividend

Energy:

~10 million MWh generated annually

1,700+ MW base load capacity

Metals:

~500,000 gross tons of ferrous and non-ferrous recovered annually

Market Leader in the U.S.

COVANTA
Powering Today. Protecting Tomorrow.

~400 Million Tons of Waste Annually

64%
Landfill

7%
Waste-to-Energy

29%
Recycling / Composting

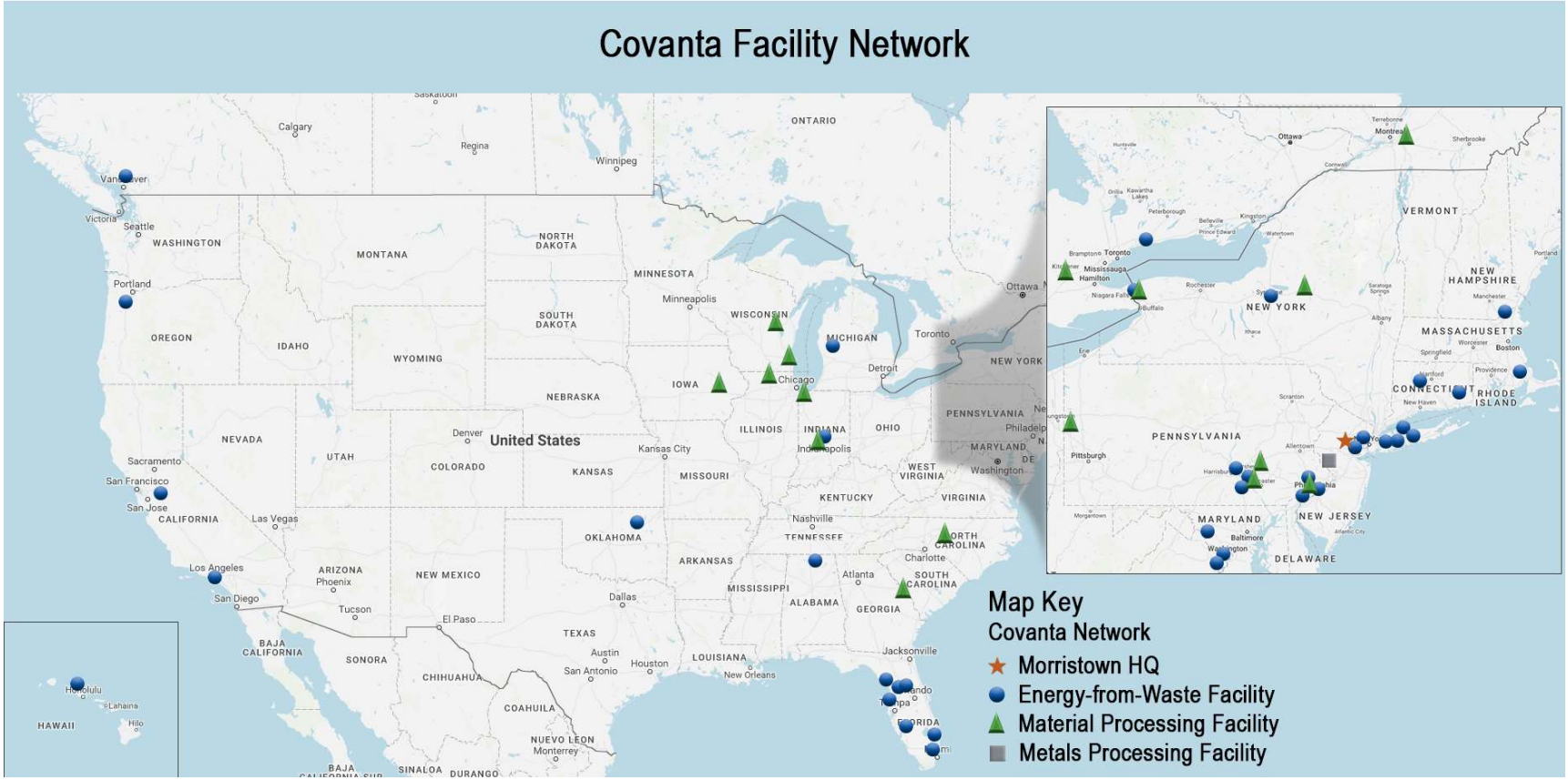
Covanta
~75%
of this market

Benefits of WtE

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

Irreplaceable Infrastructure

COVANTA
Powering Today. Protecting Tomorrow.



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

COVID-19: Financial Impacts

COVANTA
Powering Today. Protecting Tomorrow.

	Initial	Q2	FY 2020 Outlook
WtE Tip Fees	• Certain commercial MSW and profiled waste volumes replaced at lower volumes • $4 to $6 per ton impact on average tip fee due to mix shift	• $3 per ton impact, with sequential monthly improvement as mix improved	• Current monthly impact $1 to $2 per ton on improved mix • FY results subject to course of the pandemic and required policy responses
Environmental Services	• ~15-20% revenue impact at 50% decremental EBITDA margin	• ~15% revenue impact, but EBITDA on plan due to effective flexing of variable cost	• Monthly revenue currently down ~10-15% • Continued focus on variable costs to minimize EBITDA impact
Operations and Maintenance	• Higher operating costs and inefficiencies – impact TBD • Outage deferrals with potential for unplanned downtime	• Incurred $3 million additional expense for plant safety • Additional 1.1% unplanned downtime vs. Q2 2019 • 1H maintenance spend ~50% of FY plan vs. 55 to 60% historical	• Continued higher costs in new operating environment • Heavy planned maintenance schedule in 2H
Cost Reduction Program	• Target $15 to $30 million in 2020 savings	• ~$10 million savings recorded	• $15 to $25 million

Growth Strategy

COVANTA
Powering Today. Protecting Tomorrow.

Organic Growth

- Leverage critical infrastructure assets and favorable waste market dynamics
- Grow Environmental Solutions business to expand revenue opportunities and attract higher price waste at WtE plants
- Metals recovery and ash processing to grow material sales and reduce cost
- Continuous Improvement / Lean Six Sigma driving record facility production



Target 3% to 5% organic growth rate in Adjusted EBITDA

UK/Ireland Expansion

- Strong market fundamentals for WtE development
  - Declining landfill capacity
  - Supportive policy
  - Higher energy prices than US
- Capital-efficient investment model via JV with Green Investment Group
- Robust Pipeline
  - 3 projects in construction and 1 in advanced development
  - Multiple earlier stage opportunities



~$40 million Free Cash Flow contribution from initial 4 projects

Growth Drivers: Environmental Solutions

COVANTA
Powering Today. Protecting Tomorrow.

WtE Profiled Waste

- Unmatched WtE footprint
- Assured destruction / zero landfill disposal for non-hazardous waste
- Compliant solution for regulated medical waste and pharmaceutical disposal
- Drives higher average waste revenue per ton

~$110 million 2019 Revenue

+

Environmental Services

- Network of material processing facilities integrated with WtE plants to drive internalization
- Wide range of solid and liquid waste processing, recycling and field services capabilities
- US industrial economy and corporate sustainability initiatives supporting strong growth rate

~$140 million in 2019 Revenue

Comprehensive sustainable solutions for government, commercial, industrial and medical / pharmaceutical sectors

Growth Drivers: Metal Recovery and Ash Management

COVANTA
Powering Today. Protecting Tomorrow.

1. WtE Plant Recovery Systems

- Significant cumulative growth in recovery: +40% ferrous and +220% non-ferrous since 2012
- Continued focus on optimizing recovery

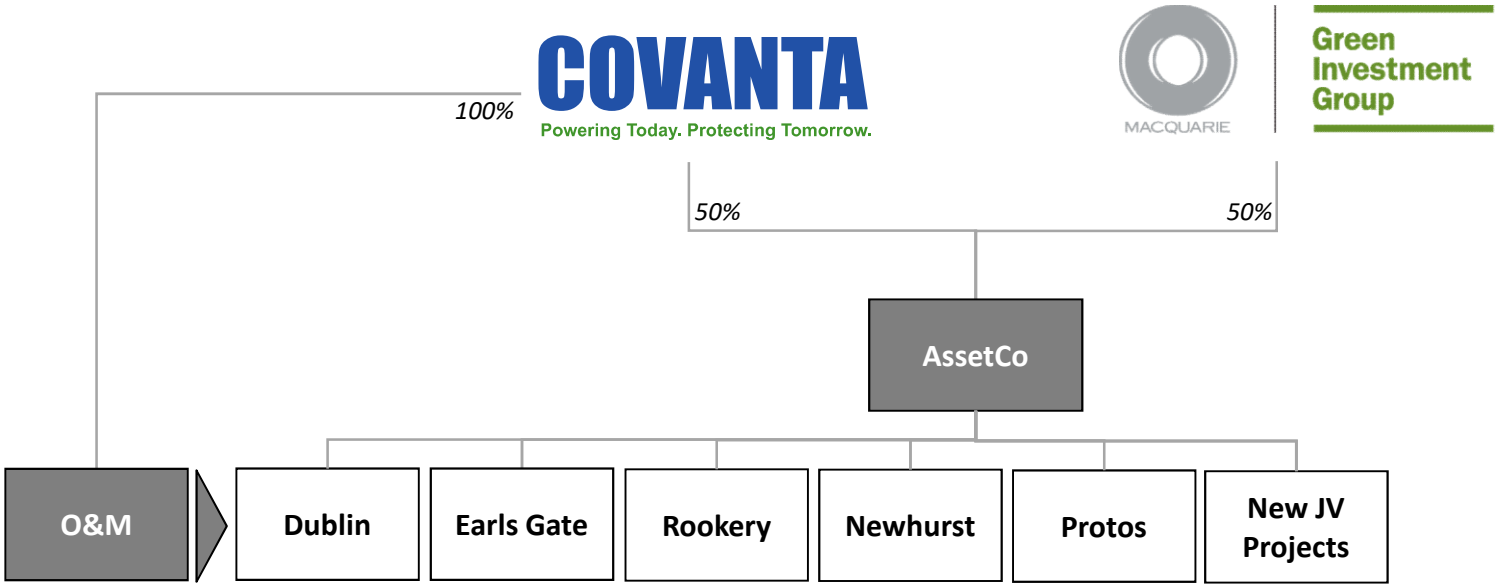
2. Metals Processing for Enhanced Product

- Centralized processing of ferrous and non-ferrous
- Increases product value and marketability
- Non-ferrous processing separates higher value metals and materially increases realized pricing

3. Enhanced Metal Recovery and Ash Reuse

- First Total Ash Processing System or "TAPS" in startup and commissioning phase
- Returns driven by incremental metal recovery, sale of aggregates and 65% reduction in disposal volume
- Target additional site developments once technology commercially proven – both centralized facilities and facility-adjacent

Growth Drivers: UK/Ireland Expansion



Powerful Growth Platform

- Strategic partnership and investment vehicle to capitalize on UK growth opportunities
- Combined resources to develop projects jointly
- Joint (50:50) Investment / ownership upon closing of project financing
- Original developer receives premium at project finance close
- Targeted project equity returns in the low to mid teens
- Covanta to provide contractual O&M services

Growth Drivers: UK/Ireland Expansion

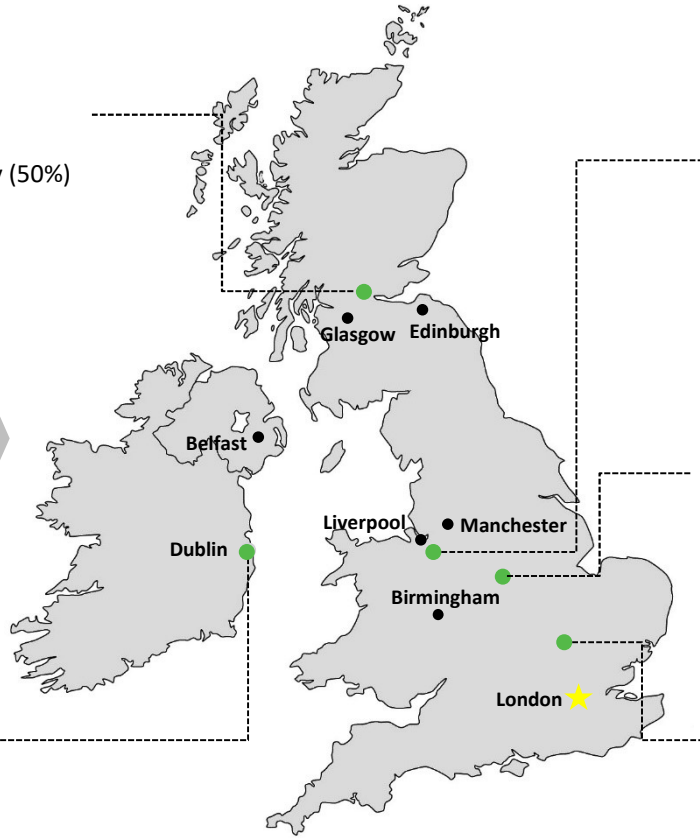
COVANTA
Powering Today. Protecting Tomorrow.

Earls Gate

- Location: Grangemouth, Scotland
- 215k tonnes / 21 MW
- Total Investment: £210 million
- Partners: CVA + GIG (50%) / Brockwell Energy (50%)
- Status: In Construction

GIG brings portfolio of UK WtE development projects [1]

MACQUARIE | Green Investment Group



Protos

- Location: Cheshire, England
- 350k tonnes / 45 MW
- Non-JV Partner: Biffa
- Status: In Advanced Development

Newhurst

- Location: Leicestershire, England
- 350k tonnes / 40 MW
- Total Investment: £340 million
- Partners: CVA + GIG (50%) / Biffa (50%)
- Status: In Construction

Dublin

- Location: Dublin, Ireland
- 600k tonnes / 60 MW
- Total Investment: €550 million
- Partners: CVA (50%) / GIG (50%)
- Status: Operational

Rookery

- Location: Bedfordshire, England
- 545k tonnes / 60 MW
- Total Investment: £460 million
- Partners: CVA + GIG (80%) / Veolia (20%)
- Status: In Construction

Combined pipeline of advanced and early stage projects targeting major metro areas and totaling ~2 million tonnes of annual processing capacity

1) Name and location of early stage GIG projects withheld due to confidentiality and commercial limitations.

Advancing the Circular Economy

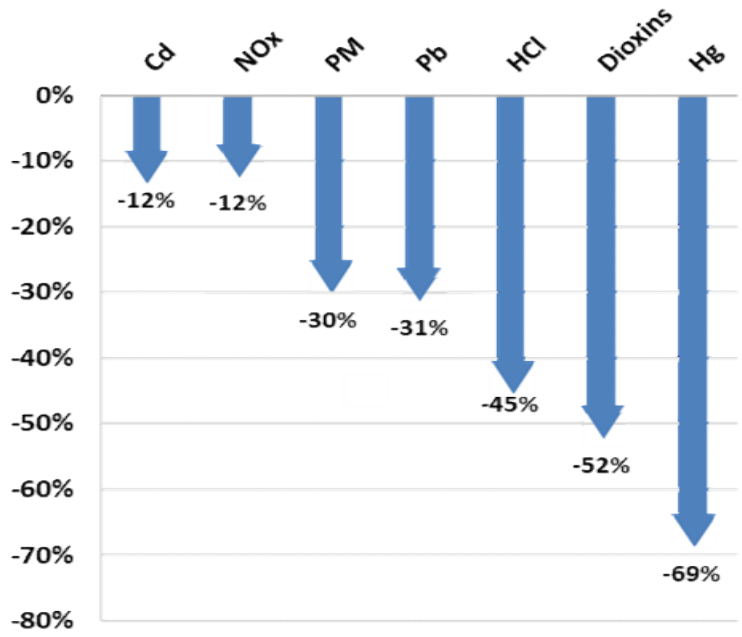
What we do every day helps our communities, clients, and customers find practical solutions to significant societal challenges: waste and materials management, clean energy, and global climate change.

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

Environmental Highlights

- More than **20 million tons** of waste diverted from landfills
- Recycled nearly **one million tons** of waste, a **64% increase** in four years, **500 thousand** 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 2016-2018 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 2016-2018, have decreased by up to 69%.

*Data represents FY 2018 performance, unless otherwise noted

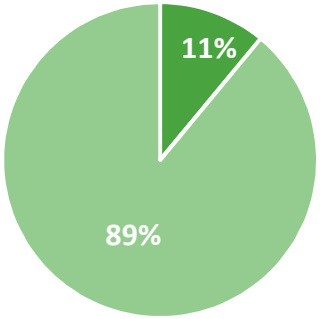
Investing in our People and Communities

COVANTA
Powering Today. Protecting Tomorrow.

Social Highlights

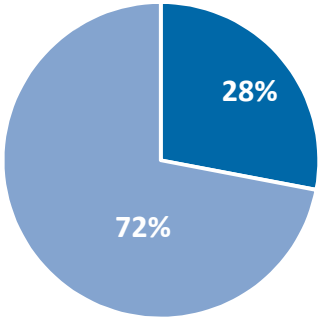
- A **24% reduction** in injury rate vs 2017, a **record low**, with 2/3 of facilities injury-free
- Diverse workforce of which **15%** are also veterans
- Community Outreach Plan at **100% of facilities**, where **98%** have had 8 or more community interactions
- More than **20,000** community members educated about sustainable waste management through tours
- Globally, **$1.8 million sum** donated to local community groups and projects
- CEO Steve Jones joined the **CEO Action for Diversity & Inclusion Pledge**
- 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

2018 Workforce Gender Diversity



Women Men

2018 Workforce Ethnic Diversity



Ethnic Minority Non-Minority

*Data represents FY 2018 performance, unless otherwise noted

Cultivating Leadership and Governance

COVANTA
Powering Today. Protecting Tomorrow.

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
- **Supply Chain and Construction Committee** oversees employee safety & health and environmental performance & compliance
- 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
- **33%** board diversity

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

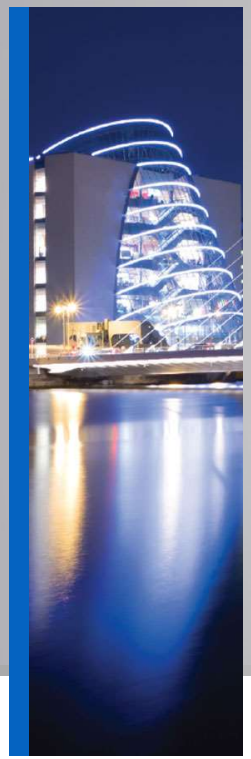
*Data represents FY 2018 performance, unless otherwise noted

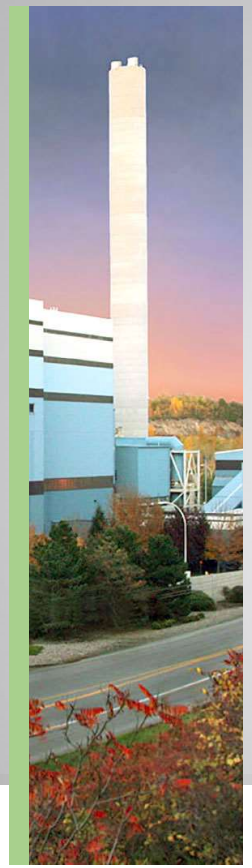
Key Investment Highlights

COVANTA
Powering Today. Protecting Tomorrow.

Leader in Waste-to-Energy	• WtE is a unique renewable energy business • Compelling environmental benefits
Critical Infrastructure Assets	• Essential service to host communities • Concentrated in attractive markets in Northeast U.S. with high barriers to entry
Attractive Business Model	• Highly contracted revenue (~75%) with diversified customer base • Generates substantial and predictable cash flow
Strong Growth Outlook	• 3-5% long-term organic Adjusted EBITDA growth rate driven by several initiatives • Strategic partnership with GIG to execute robust project development pipeline

Attractive current dividend and sustainable long-term growth





Appendix

Waste Update

COVANTA
Powering Today. Protecting Tomorrow.

- **Q2 2020 revenue drivers vs. Q2 2019:**
  - Same store WtE tip fee revenue:
    - Price lower by $1 million
    - Volume down $1 million
    - WtE profiled waste revenue down 5% (excl. divestitures), with sequential improvement from May
  - Environmental services lower due to COVID-19, with variable cost offset limiting EBITDA impact

- **Trends and outlook:**
  - Increasing availability of contracted MSW and WtE profiled waste to support tip fee prices
  - Environmental services revenue improving, though lower year-over-year
  - Exact pace and slope of recovery is uncertain
  - Expect higher than typical volume of planned and unplanned downtime in 2H20

(Unaudited)

(in millions, except price)	Q2 2020	Q2 2019	2020E
Waste & Service Revenue:			
WtE tip fees	$158	$162	
WtE service fees	114	116	465 - 475
Environmental services	31	37	
Municipal services	60	62	
Other	10	10	
Intercompany	(28)	(28)	
Total	**$344**	**$359**	
WtE Tons: (1)			
Tip fee contracted	2.2	2.3	10.6 - 10.8
Tip fee uncontracted	0.5	0.4	
Service fee	2.5	2.7	
Total	**5.2**	**5.4**	
WtE Tip Fee Revenue/Ton:			
Contracted	$54.37	$54.16	
Uncontracted	$78.71	$89.06	
Average Tip Fee	**$59.10**	**$59.66**	

1) Excludes liquid waste.

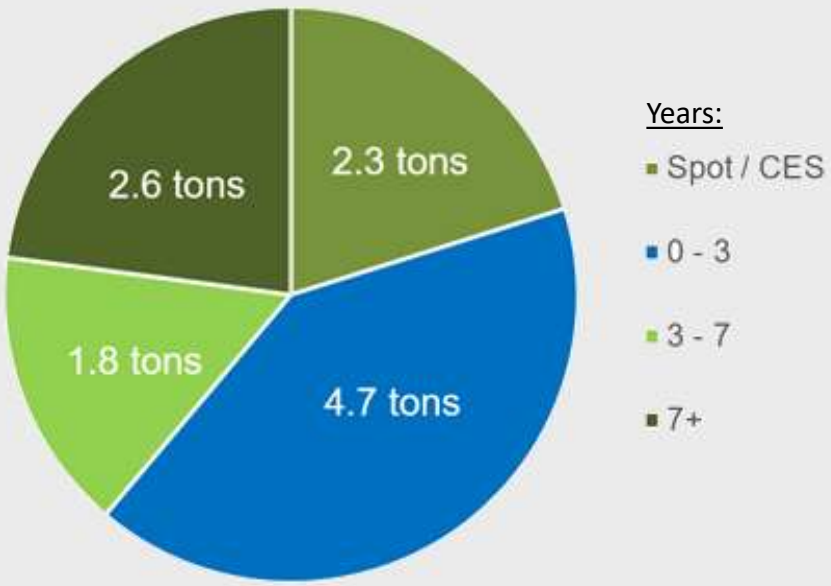
**Assumes no material operational disruptions due to COVID-19*

Major Waste Contracts

COVANTA
Powering Today. Protecting Tomorrow.

2020 Tip Fee Volume by Contract Length

Weighted average contract length: 6 years



(Volumes in millions)

Service Fee Facilities by Contract Length

Weighted average contract length: 9 years

Note: Tip fee volume data as of year-end 2019.

Energy Update

COVANTA
Powering Today. Protecting Tomorrow.

- **Q2 2020 revenue drivers vs. Q2 2019:**
  - Same store WtE energy revenue down $1 million on slightly lower production
  - Other energy revenue increase primarily driven by wholesale load serving contracts won earlier in 2020

- **Trends and outlook:**
  - Energy prices remain weak on low natural gas, but with improved forward outlook for 2021
  - Hedge activity:
    - ~0.2 million MWh exposed in 2H20
    - 2.7 million MWh already hedged for 2021 at prices similar to 2020 hedges
    - Wholesale load serving providing efficient hedge and benefiting from strong summer demand
  - No meaningful power contract transitions at tip fee plants until after 2024

(Unaudited)

(in millions, except price)	Q2 2020	Q2 2019	2020E
Energy Revenue:			
Energy sales	$57	$58	$260 - $270
Capacity	10	12	40
Other [1]	11	2	45
Total	**$78**	**$72**	**$345 - $355**
MWh Sold:			
Contracted	0.5	0.5	2.1
Hedged [2]	0.9	0.7	3.8
Market	0.2	0.4	0.6 - 0.7
Total	**1.5**	**1.6**	**6.5 - 6.6**
Revenue per MWh: [3]			
Contracted	$69.06	$66.00	$65
Hedged [2]	$23.76	$26.42	$31
Market	$17.85	$21.69	$15 - $19
Average	**$37.25**	**$37.19**	**$40 - $41**

1) Primarily components of wholesale energy load serving revenue not included in Energy sales line, such as transmission and ancillaries and for 2020, RECs sold bundled with energy.
2) Hedged MWhs and revenue includes hedge from wholesale energy load serving.
3) Excludes capacity and other energy revenue.

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

Long-term Outlook: Energy Detail

COVANTA
Powering Today. Protecting Tomorrow.

(Unaudited, in millions, except price)	2018A	2019A	2020E	2021E	2022E	2023E	2024E
MWh Sold – CVA Share:							
Contracted	2.1	2.1	2.1	2.1	2.1	2.0	2.0
Hedged [1]	3.1	3.0	3.8	2.7	0.8	0.2	-
Market	1.3	1.3	0.7	1.7	3.7	4.3	4.5
Total MWh Sold	**6.5**	**6.4**	**6.6**	**6.6**	**6.6**	**6.5**	**6.5**
Market Sales (MWh) by Geography:							
PJM East	0.6	0.6	0.1	0.8	2.0	2.5	2.7
NEPOOL	0.2	0.3	0.1	0.3	1.1	1.2	1.2
NYISO	0.1	0.1	0.1	0.2	0.3	0.3	0.3
Other	0.3	0.3	0.3	0.4	0.3	0.4	0.4
Total Market Sales	**1.3**	**1.3**	**0.7**	**1.7**	**3.7**	**4.3**	**4.5**
Revenue per MWh: [2]							
Contracted	$66.59	$65.80	$65				
Hedged [1]	$32.88	$34.29	$31				
Market	$37.12	$26.31	~$17				
Average Revenue per MWh	**$44.68**	**$42.81**	**~$40**				
Capacity Revenue [3]	**$52**	**$44**	**$40**	**$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.

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

Recycled Metals Update

COVANTA
Powering Today. Protecting Tomorrow.

- **Q2 2020 revenue drivers vs. Q2 2019:**
  - Ferrous revenue down $3 million on lower HMS
  - Non-ferrous:
    - Realized pricing down $1 million on lower prices for aluminum and copper
    - Same-store volume improved by $2 million on improved yields and sales timing
- **Trends and outlook:**
  - Key metals indices remain subdued:
    - HMS index at $206 per ton in July
    - Old Cast index at $0.37 per pound in July
  - TAPS continues to progress through testing and commissioning phase; production ramping over the balance of the year

(Unaudited)

($ in millions, except price; tons in thousands)	Q2 2020	Q2 2019	2020E
Metals Revenue:			
Ferrous	$10	$13	$35 - $45
Non-ferrous	9	8	35 - 45
Total	**$20**	**$21**	**$70 - $90**
Tons Recovered:			
Ferrous	116	111	450 - 460
Non-ferrous	12	12	47 - 52
Tons Sold:			
Ferrous	99	95	380 - 390
Non-ferrous	8	7	32 - 37
Revenue per Ton Sold:			
Ferrous	$104	$132	$85 - $115
Non-ferrous	$1,123	$1,255	$1,050 - $1,150
Average HMS index price [1]	$208	$271	$200 - $225
Average Old Cast Aluminum [2]	$0.37	$0.45	~$0.37

1) 2020 and 2019 average #1 Heavy Melt Steel composite index ($ / gross ton) as published by American Metal Market.
2) 2020 and 2019 average Old Cast Aluminum Scrap ($ / pound) calculated using the high price as published by American Metal Market.

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

Maintenance and Operating Expenses

COVANTA
Powering Today. Protecting Tomorrow.

- **Q2 2020 drivers vs. Q2 2019:**
  - 2020 second quarter maintenance lower than prior year due to outage deferrals
  - COVID-19 cost impacts:
    - $3 million higher costs for plant safety
    - Higher costs for maintenance due to inefficiencies
    - Reduced variable costs for environmental services
    - ~$10 million benefit from cost reduction program
  - Wholesale load serving costs higher than last year due to additional contracts

- **Trends and outlook:**
  - 2020 WtE maintenance outlook increased on impact of COVID-19 and expected higher costs to complete
  - 2H20 spend higher than typical due to outage deferrals, with notably greater mix of capex
  - Other plant operating expense to reflect:
    - Higher costs related to COVID-19 response, TAPS start-up and wholesale energy load serving
    - Reductions due to lower discretionary expenses and lower variable costs for environmental services

(Unaudited)

(in millions)	Q2 2020	Q2 2019	2020E
Plant Maintenance Expense:			
WtE	$79	$81	$305 - $315
Other	2	2	
Total	**$81**	**$83**	
Maintenance Capex:			
WtE	$27	$31	$140 - $150
Other	4	3	15
Total	**$32**	**$34**	**$155 - $165**
Total WtE Maintenance Spend	**$106**	**$112**	**$445 - $465**
Other Plant Operating Expense:			
WtE	$182	$183	
Other	77	89	
Total	**$259**	**$272**	
Other Operating Expense	**$14**	**$16**	

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

Growth Investment Outlook

COVANTA
Powering Today. Protecting Tomorrow.

(Unaudited, in millions)	YTD 2020	FY 2019	FY 2020 Estimate
Total Ash Processing System	$8	$9	~$15
New York City MTS contract	-	19	-
Other organic growth investments [1]	1	13	1
Acquisitions	-	(2)	-
International developments [2]	10	17	10 - 15
Total growth investments	**$19**	**$56**	**$25 - $30**
Proceeds from asset sales [3]	**$3**	**$28**	**$3**

Note: 2020 outlook for acquisitions, UK investments and proceeds from asset sales to be updated as transactions are completed.
1) Organic growth programs are focused primarily on growing waste, energy, and metal revenue generated by our existing assets.
2) Includes early site work on UK projects and investments in Earls Gate, Newhurst and Zhao County, net of third-party project equity collateralized loan for Zhao County.
3) Includes gross cash received for sales and premiums/development fees received for development projects.

Illustrative JV Accounting

COVANTA
Powering Today. Protecting Tomorrow.

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

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		
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

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

Capitalization Summary

COVANTA
Powering Today. Protecting Tomorrow.

(Face value; unaudited, in millions)	6/30/2020	12/31/2019	12/31/2018
Cash and cash equivalents	$39	$37	$58
Corporate debt:			
Secured	$680	$659	$671
Unsecured	1,744	1,744	1,694
Total corporate debt	$2,424	$2,403	$2,365
Project debt	126	131	150
Total debt	$2,550	$2,534	$2,515
Net debt [1]	$2,507	$2,483	$2,438
Stockholders' equity	$280	$376	$487
Credit Ratios:			
Consolidated leverage ratio [1]	6.0x	6.1x	5.6x
Senior Credit Facility Leverage Ratio [2]	2.2x	2.2x	2.2x

1) Consolidated Leverage Ratio is equal to net debt, calculated as total principal amount of debt outstanding less cash and cash equivalents, debt service principal-related restricted funds ($3 million at March 31, 2020) and escrowed construction financing proceeds ($5 million at March 31, 2020) divided by Adjusted EBITDA, excluding Dublin project proportional Adjusted EBITDA but including dividends from the Dublin project.
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.

Non-GAAP Reconciliation: Adjusted EBITDA

COVANTA
Powering Today. Protecting Tomorrow.

	Q2		Full Year		LTM
(Unaudited, in millions)	2020	2019	2019	2018	June 30, 2020
Net (loss) income	**$(13)**	**$(21)**	**$10**	**$152**	**$(19)**
Depreciation and amortization expense	56	55	221	218	225
Interest expense	34	36	143	145	139
Income tax (benefit) expense	(4)	(3)	(7)	(29)	(15)
Impairment charges	—	1	2	86	20
Accretion expense	—	—	2	2	—
Severance and reorganization costs	1	1	13	5	5
Stock-based compensation expense	6	7	25	24	24
Loss on asset sales	2	1	4	1	3
Capital type expenditures at client owned facilities [1]	5	7	34	37	33
Net loss (gain) on sale of business and investments	—	2	(49)	(217)	(9)
Loss on extinguishment of debt	—	—	—	15	—
Business development and transaction costs	—	1	2	3	1
Property insurance recoveries, net	—	—	—	(18)	—
Adjustments to reflect Adjusted EBITDA from unconsolidated investments [2]	6	6	25	23	25
Other	3	1	3	10	9
Adjusted EBITDA	**$96**	**$94**	**$428**	**$457**	**$443**

1) Adjustment for impact of adoption of FASB ASC 853 – *Service Concession Arrangements*.
2) Adjustment beginning in 2018 to equity in income from unconsolidated investments to adjust for the proportional impact of depreciation & amortization, interest expense, and taxes at the unconsolidated subsidiary (Proportional Adjusted EBITDA).

Non-GAAP Reconciliation: Adjusted EBITDA and Free Cash Flow

COVANTA
Powering Today. Protecting Tomorrow.

	Q2		Full Year	
(Unaudited, in millions)	2020	2019	2019	2018
Adjusted EBITDA	**$96**	**$94**	**$428**	**$457**
Cash paid for interest, net of capitalized interest	(9)	(12)	(152)	(136)
Cash paid for taxes, net	—	(3)	(5)	(2)
Capital type expenditures at client owned facilities [1]	(5)	(7)	(34)	(37)
Equity in net income from unconsolidated investments	—	(3)	(6)	(6)
Adjustments to reflect Adjusted EBITDA from unconsolidated investments [2]	(6)	(6)	(25)	(23)
Dividends from unconsolidated investments	3	5	9	13
Adjustment for working capital and other	15	(18)	11	(28)
Net cash provided by operating activities	**$94**	**$50**	**$226**	**$238**
Changes in restricted funds - operating [3]	—	5	20	4
Maintenance capital expenditures	(32)	(34)	106	(142)
Free Cash Flow	**$62**	**$21**	**$140**	**$100**

1) Adjustment for impact of adoption of FASB ASC 853 – *Service Concession Arrangements*.
2) Adjustment beginning in 2018 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.

Non-GAAP Financial Measures

COVANTA
Powering Today. Protecting Tomorrow.

Free Cash Flow

Free Cash Flow is defined as cash flow provided by operating activities, plus changes in restricted funds - operating, less 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 criteria 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 and three months ended June 30, 2020 and 2019 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 and three months ended June 30, 2020 and 2019, 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 the Joint Venture 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 2020 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.