Waste Management Inc. (NYSE: WM)

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July 20, 2026

Tehami Capital

Agenda

- Company Overview
- Industry Outlook
- Investment Thesis
- Valuation
- Catalysts and Risks
- Recommendation

Waste Management Inc. (NYSE: WM)

Business Description

- Waste Management (NYSE: WM) is North America's largest vertically integrated environmental services company
- They monetize the lifecycle of waste by charging fees and earning revenue at each stage of the cycle, while owning the entire infrastructure of the waste disposal ecosystem
- Waste Management is headquartered in Houston, Texas
- In 2024, WM acquired Stericycle for $7.2B to broaden their business to include healthcare waste solutions

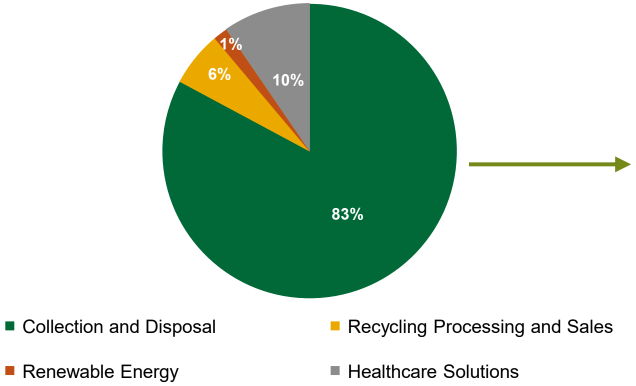
Management Team

Name	James C. Fish	John Morris	Tara Hemmer	David L. Reed
Position	CEO	President	Executive VP & COO	Executive VP & CFO
Years Exp.	20+	30+	20+	9
Background	Previously VP, CFO, and President	Previously CSO, Executive VP, and COO	Previously VP, Director of Operations	Previously VP, and Business Partner

2025 Revenue Segmented

Revenue by Business Segment (2025)



A significant portion of WM's revenue comes from collection and disposal. Healthcare solutions were added in 2024 through the acquisition of Stericycle, making up 10% of the business

Comprehensive Product Portfolio

Collection and Disposal	Collect waste from residential, commercial, and industrial areas. Dispose of that waste at WM-owned landfills. Revenue is earned through monthly collection contracts, tipping fees, and disposal fees
Recycling Processing and Sales	Recyclable materials are processed, and recovered commodities such as cardboard, aluminum, steel, and plastics are sold in the market. Revenue is earned through processing fees and sale of commodities
Renewable Energy	Methane produced from landfills is captured and converted into renewable natural gas and electricity. Revenue is earned through selling RNG and electricity and environmental incentives
Healthcare Solutions	Collect and dispose of medical waste, biohazards, sharp materials, and confidential documents. Revenue is earned through collection and disposal fees.

WM's Vertically Integrated Waste Value Chain

Waste Value Chain

WM owns this entire waste infrastructure, which helps sustain strong margins, free cash flow, and creates significant barriers to entry

Collect

Recurring revenue via collection fees

Sort

Recyclable and non-recyclable materials get sorted at WM facilities

Recyclable Materials

Sorted between recoverable and non-recoverable

Process Recyclables

Processing fees charged to customers

Sell Recovered Commodities

Any recovered commodities are sold in the market

Landfill Waste

Non-recyclables get disposed at landfills and generate fees for each ton deposited

Capture Landfill Gas

WM captures landfill gas and converts it into RNG and electricity

Sell RNG & Electricity

WM sells this RNG and electricity and earns environmental incentives

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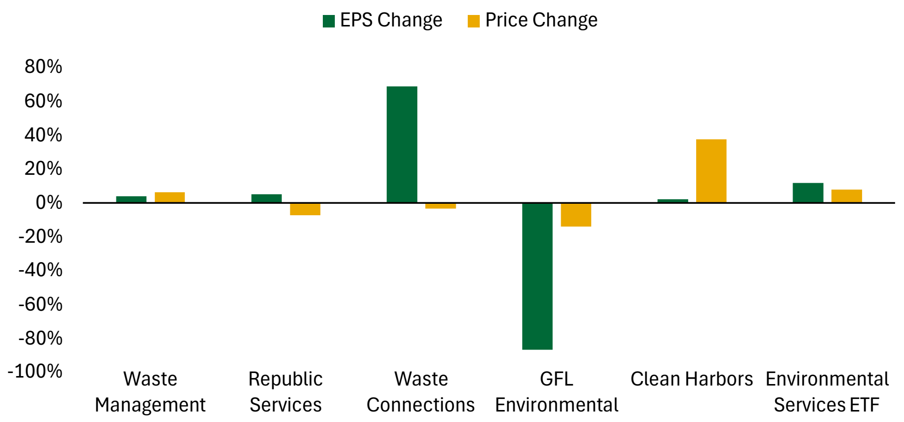
Waste Industry Positioned for Durable Long-Term Growth

Waste Companies Share Price Drivers

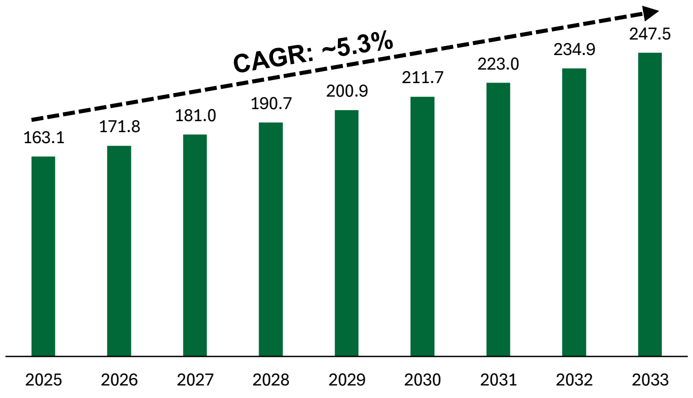


M&A Activity

Date	Acquirer	Target	Value ($US mm)	Possible Rationale
03-Jun-24	Waste Management Inc.	Stericycle Inc.	$7,200	Expand into Healthcare Waste Solutions
14-Jul-21	EQT Partners	Covanta Holding Corp.	$5,300	Expand Waste-to-Energy Platform
21-Nov-25	Veolia Environnement	Clean Earth Inc.	$3,040	Expand U.S. Hazardous Waste Platform
09-Feb-22	Republic Services Inc.	US Ecology Holdings Inc.	$2,265	Expand Hazardous Waste Capabilities
19-Jul-23	J.F. Lehman and Company	Heritage-Crystal Clean Inc.	$1,320	Expand Industrial Waste Services
12-Aug-20	GFL Environmental	WCA Waste Corp.	$1,210	Expand U.S. Collection Footprint

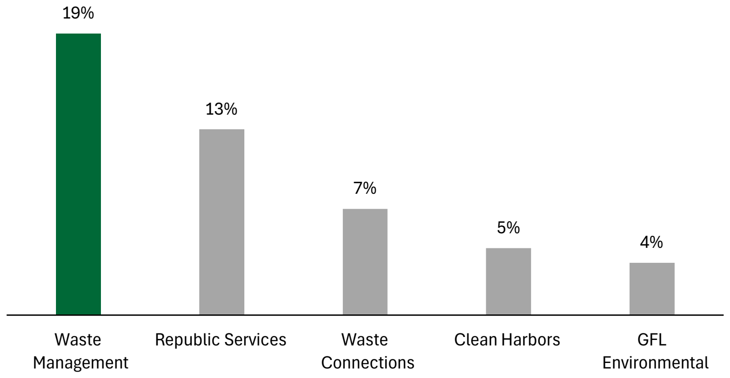
Growth in Waste & Recycling Industry

Waste & Recycling Market in U.S. ($US Billions)



Key Players

Market Share % of Waste & Recycling Markets



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A Defensive Compounder Built on Essential Infrastructure

Waste Management's competitive moat, vertical integration, essential business model, and long-term growth from renewables, support strong margins and cash flow generation, making it a reliable defensive compounder.

- **Durable Competitive Moat Through Vertical Integration:** WM owns one of the largest waste value chains in North America. From collecting, disposing, recycling, and landfills, WM generates revenue at each stage of the cycle. Since it owns highly valuable infrastructure assets such as landfills which are nearly impossible to permit, it gives them a competitive advantage and a moat over their competitors who have to pay WM to use their waste infrastructure. This enhances their pricing power, supports stronger margins, and generates stable recurring cash flows.
- **Defensive Business Model with Recurring Cash Flows:** Regardless of the state of the economy, waste must be collected and disposed of, as it is an essential public service and key to public health and environmental protection. This makes for multi-year contracts being signed in advance which gives WM strong revenue visibility and resilient demand.
- **Long-Term Growth from Renewable Natural Gas (RNG):** As demand for low-carbon alternatives increase, the landfill gas that WM captures and converts into RNG and electricity, will see greater demand over the long-term especially as climate policy becomes a key focus for governments around the world. This is one of the key long-term growth drivers for WM.
- **Structural Demand Growth Driven by Population and Waste Generation:** As population continues to increase, more waste will be produced. Since WM earns revenue at each stage of the waste cycle, rising waste volumes support long-term revenue and cash flow growth.
- **Stericycle Acquisition Expands Exposure to Attractive Healthcare End Markets:** With aging populations in the U.S. and Canada, healthcare utilization is expected to increase over the long-term. This will make for increased waste volumes from hospitals, and since hospital waste carries higher prices, the revenue earned per unit is significantly higher than most other types of waste.

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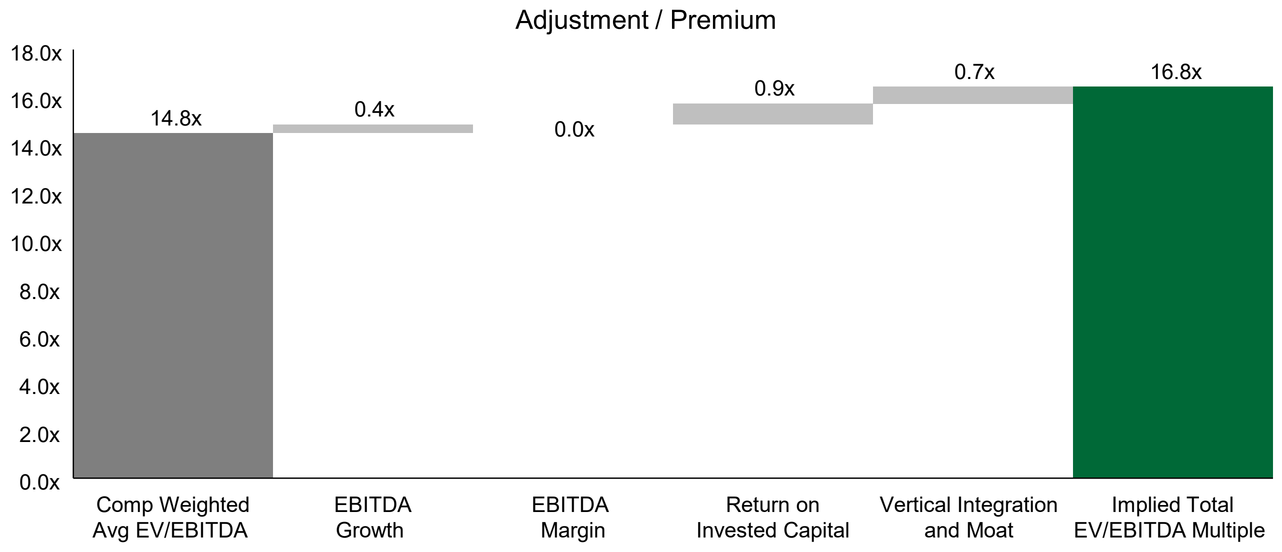
Comparable Companies Analysis

					EV/EBITDA			Revenue Growth	EBITDA Growth	EBITDA Margin			ROIC
Company Name	Share Price	Market Cap	Enterprise Value	Weights	2026E	2027E	2028E	'26 - '28	'26 - '28	2026E	2027E	2028E	LTM
Republic Services	$ 222.31	$ 68,397	$ 82,367	50%	14.9x	14.0x	13.2x	5.0%	6.2%	32.1%	32.6%	32.9%	8.2%
Waste Connections	$ 171.91	$ 43,679	$ 53,000	25%	15.9x	14.8x	13.8x	5.8%	7.4%	33.3%	33.9%	34.3%	6.6%
GFL Environmental	$ 55.40	$ 20,014	$ 28,653	15%	12.7x	11.5x	10.6x	7.2%	9.6%	30.4%	31.1%	31.8%	1.6%
Clean Harbors	$ 310.58	$ 16,413	$ 18,976	10%	14.7x	13.9x	12.8x	4.4%	6.9%	20.4%	20.7%	21.4%	7.2%
Comp Median					**14.8x**	**13.9x**	**13.0x**	**5.4%**	**7.1%**	**31.3%**	**31.9%**	**32.4%**	**6.9%**
Comp Average					**14.6x**	**13.5x**	**12.6x**	**5.6%**	**7.5%**	**29.1%**	**29.6%**	**30.1%**	**5.9%**
Weighted Average					**14.8x**	**13.8x**	**12.9x**	**5.5%**	**7.1%**	**31.0%**	**31.5%**	**31.9%**	**6.7%**
Waste Management	**$ 239.31**	**$ 96,101**	**$ 118,835**		**14.5x**	**13.5x**	**12.8x**	**5.2%**	**6.6%**	**30.9%**	**31.4%**	**31.7%**	**9.1%**

Waste Management trades in line with its comparables. Revenue Growth, EBITDA Growth, and EBITDA Margin are all in line with peers. However, the key differentiator is Waste Management's LTM ROIC which sits at 9.1% — significantly higher than its peers by ~36% on a relative basis.

Source: S&P Capital IQ, Market Data as of July 20, 2026

Comps to Target Valuation: Justified Premium



Ending implied EV/EBITDA		**16.8x**
Ending implied EV	$	137,775
Ending implied Equity Value	$	115,041
Fully Diluted Shares Outstanding		402
Current Share Price	$	239.31
Ending implied Price Per Share	**$**	**286.46**
Potential Upside as of July 20, 2026		**20%**

Justified Premium Framework – Summary

- WM should be worth at least its Comparables Weighted Average EV/EBITDA.
- Regression-backed premiums (Based on 2026E EBITDA):
  - EBITDA Growth → Slight Growth Premium
  - ROIC → Superior Capital Allocation
  - *See Appendix I for detailed Regression Analysis*
- Premium justified by:
  - Industry-leading vertically integrated business model
  - Durable competitive moat
- Implied EV/EBITDA multiple: 16.8x
- Target Price: $286.46 → 20% upside

DCF Valuation Assumptions

- Valuation Assumptions Summary
  - 2026 Revenue & Margins:
    - Steadily growing populations, revenue visibility, and strong demand, support modest revenue growth between 5% – 6% while maintaining industry leading gross margins.
  - 2027 Growth Driver:
    - Stericycle acquisition adds a highly coveted healthcare end market to WM's portfolio. With an aging population, healthcare use is expected to increase, leading to more waste.
  - 2028 Growth:
    - As the transition towards green energy and sustainability continues, WM's RNG and Recycling segments are poised to lead the growth story.
  - Renewable Natural Gas (RNG) Catalyst:
    - As more governments, utilities, and companies focus on achieving their environmental targets, RNG becomes an attractive alternative as it's a low-carbon and cost-effective method of energy. Demand is expected to grow 13% CAGR through 2030.

WACC Analysis

10-Year US Treasury	4.55%
Market Risk Premium	5.00%
Beta	0.48
Cost of Equity	**6.55%**
Cost of Debt	4.80%
Tax Rate	21.10%
After-Tax Cost of Debt	**3.79%**
Target Debt/Capitalization	19.21%
WACC	**6.02%**

WACC:	***6.02%***
Terminal Growth Rate:	***2.0%***
FDSO:	***402 million***
Statutory Tax Rate:	***21.1%***

DCF Analysis

(USD millions)	2021A	2022A	2023A	2024A	2025A	2026E	2027E	2028E	2029E	2030E	2031E
						Forecast Period					
Segmented Revenue											
Collection and Disposal	19,666	21,812	23,141	24,207	25,545	26,950	28,432	29,996	31,646	33,386	35,223
Recycling Processing and Sales	1,760	1,760	1,576	1,890	1,866	1,997	2,156	2,350	2,585	2,792	2,988
Renewable Energy	220	315	276	321	481	539	620	731	848	1,018	1,140
Healthcare Solutions	-	-	-	471	2,951	3,069	3,253	3,383	3,552	3,730	3,879
Intersegment	(3,762)	(4,238)	(4,613)	(4,874)	(5,691)	(5,870)	(6,214)	(6,574)	(6,966)	(7,380)	(7,795)
Revenue	**17,884**	**19,649**	**20,380**	**22,015**	**25,152**	**26,684**	**28,247**	**29,886**	**31,666**	**33,547**	**35,435**
% Growth	-	9.9%	3.7%	8.0%	14.2%	6.1%	5.9%	5.8%	6.0%	5.9%	5.6%
Gross Profit	**6,820**	**7,404**	**7,820**	**8,680**	**10,192**	**10,972**	**11,668**	**12,389**	**13,099**	**13,838**	**14,617**
% Margin	38.1%	37.7%	38.4%	39.4%	40.5%	41.1%	41.3%	41.5%	41.4%	41.3%	41.3%
Adjusted EBITDA	**5,064**	**5,550**	**5,987**	**6,854**	**7,817**	**8,245**	**8,870**	**9,474**	**10,003**	**10,563**	**11,158**
% Margin	28.3%	28.2%	29.4%	31.1%	31.1%	30.9%	31.4%	31.7%	31.6%	31.5%	31.5%
(-) Depreciation & Amortization	(1,999)	(2,038)	(2,071)	(2,267)	(2,863)	(2,878)	(3,046)	(3,223)	(3,415)	(3,618)	(3,821)
% of CapEx	105.0%	78.8%	71.5%	70.2%	88.7%	83.6%	83.6%	83.6%	83.6%	83.6%	83.6%
Adjusted EBIT	**3,065**	**3,512**	**3,916**	**4,587**	**4,954**	**5,368**	**5,823**	**6,251**	**6,588**	**6,945**	**7,336**
% Margin	17.1%	17.9%	19.2%	20.8%	19.7%	20.1%	20.6%	20.9%	20.8%	20.7%	20.7%
% Growth	-	14.6%	11.5%	17.1%	8.0%	8.4%	8.5%	7.3%	5.4%	5.4%	5.6%
(-) Cash Taxes	(694)	(816)	(966)	(946)	(1,037)	(1,133)	(1,229)	(1,319)	(1,390)	(1,465)	(1,548)
Tax Rate (%)	22.6%	23.2%	24.7%	20.6%	20.9%	21.1%	21.1%	21.1%	21.1%	21.1%	21.1%
NOPAT	**2,371**	**2,696**	**2,950**	**3,641**	**3,917**	**4,235**	**4,595**	**4,932**	**5,198**	**5,480**	**5,788**
(+) Depreciation & Amortization	1,999	2,038	2,071	2,267	2,863	2,878	3,046	3,223	3,415	3,618	3,821
(-) CapEx	(1,904)	(2,587)	(2,895)	(3,231)	(3,227)	(3,440)	(3,642)	(3,853)	(4,083)	(4,325)	(4,569)
(-) Change in Net Working Capital	126	(145)	(251)	(24)	(513)	(220)	(233)	(247)	(262)	(277)	(293)
Unlevered Free Cash Flows	**2,592**	**2,002**	**1,875**	**2,653**	**3,040**	**3,452**	**3,766**	**4,055**	**4,268**	**4,495**	**4,748**

DCF Analysis Cont'd

Valuation Summary

Cumulative PV of Free Cash Flow		**20,085**
% of Enterprise Value		19.2%
Terminal Value		
Terminal Year UFCF		**4,748**
Perpetuity Growth Rate		2.0%
Terminal Value		**120,396**
PV of Terminal Value		**84,765**
% of Enterprise Value		80.8%
Enterprise Value		**104,850**
(-) Fair Value of Debt		(22,891)
(-) Value of Preferred Equity		0
(-) Value of Minority Interest		(1)
(+) Excess Cash		158
Equity Value		**82,116**
Basic Shares		401
(+) Diluted Securities		1
Fully Diluted Shares Outstanding		**402**
Implied Share Price	**$**	**204.27**
Current Share Price	$	239.31
Premium to Current Share Price		**-15%**

Valuation Takeaways

- DCF Implied Price: $204.27 → 15% downside
- Scenario Returns:
  - Bear: -35%
  - Base: -15%
  - Bull: 19%
- Terminal Value: Gordon Growth method at 2%
- Sensitivity Analysis:
  - Discount Rate: 5.0%–7.0%
  - Terminal Growth: 1.0%–3.0%

Precedent Transaction Comparable Analysis

Date	Target	Transaction Value ($M)	Buyer	Weight	EV/Revenue	EV/EBITDA	EV/EBIT
03-Jun-24	Stericycle Inc.	7200	Waste Management Inc.	35%	2.7x	17.5x	36.4x
14-Jul-21	Covanta Holding Corp.	5300	EQT Partners	20%	2.6x	15.2x	44.9x
21-Nov-25	Clean Earth Inc.	3040	Veolia Environnement	20%	3.0x	15.2x	24.3x
09-Feb-22	US Ecology Holdings Inc.	2265	Republic Services Inc.	10%	2.3x	15.8x	64.7x
19-Jul-23	Heritage-Crystal Clean Inc.	1320	J.F. Lehman and Company	10%	1.7x	9.2x	13.5x
12-Aug-20	WCA Waste Corp.	1210	GFL Environmental	5%	4.4x	20.5x	46.5x
Comp Median					**2.7x**	**15.5x**	**40.6x**
Comp Average					**2.8x**	**15.6x**	**38.4x**
Weighted Average					**2.7x**	**15.7x**	**36.7x**

Waste Management	LTM EBITDA	Comp Weighted Avg EV/EBITDA	Implied EV	Equity Value	Price per Share
	$7,662	15.7x	$120,559	$97,825	**$243.59**

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Catalysts and Risks

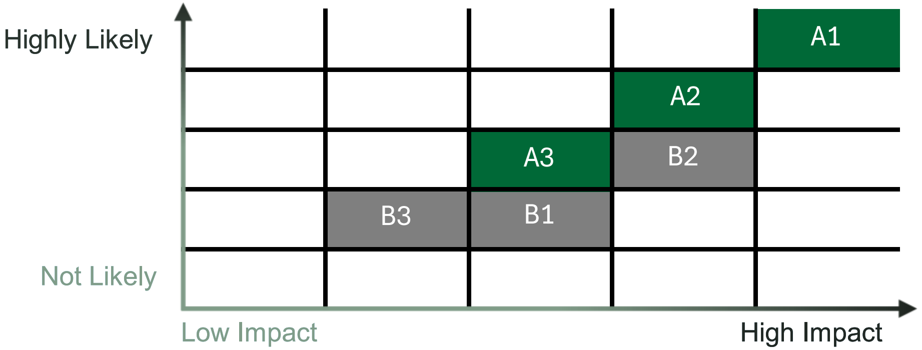
Near-Term Catalysts

Catalyst	Timing	Key Impact
Stericycle Integration & Synergies	2026 – 2027	Successful integration and realization of cost synergies could drive earnings growth, margin expansion, and strengthen WM's position in regulated healthcare waste
Continued Pricing Power	Ongoing 2026	Industry-leading pricing power and constrained landfill capacity supports sustained revenue growth and strong cash flow generation despite moderate waste volume growth
RNG Projects Coming Online	2026 – 2028	New RNG facilities increase higher margin energy revenue over the short-to-medium term, while supporting sustainability

Long-Term Catalysts

Catalyst	Key Impact
Healthcare Solutions Expansion	Cross-selling opportunities and recurring medical waste demand, with an aging population, diversifies WM beyond traditional solid waste collection
Renewable Energy Growth	Expanding landfill gas-to-RNG infrastructure creates a long-term, high return growth driver
Population Growth & Waste Generation	Population growth, urbanization, and increasing waste volumes support strong long-term demand for essential waste services

Risks



Company-Specific Risks

- Stericycle Integration Risk (A1)
- Regulatory & Environmental Compliance (A2)
- Renewable Energy Execution (A3)

Macro Risks

- Economic Slowdown (B1)
- Commodity Price Volatility (B2)
- Interest Rates & Valuation Compression (B3)

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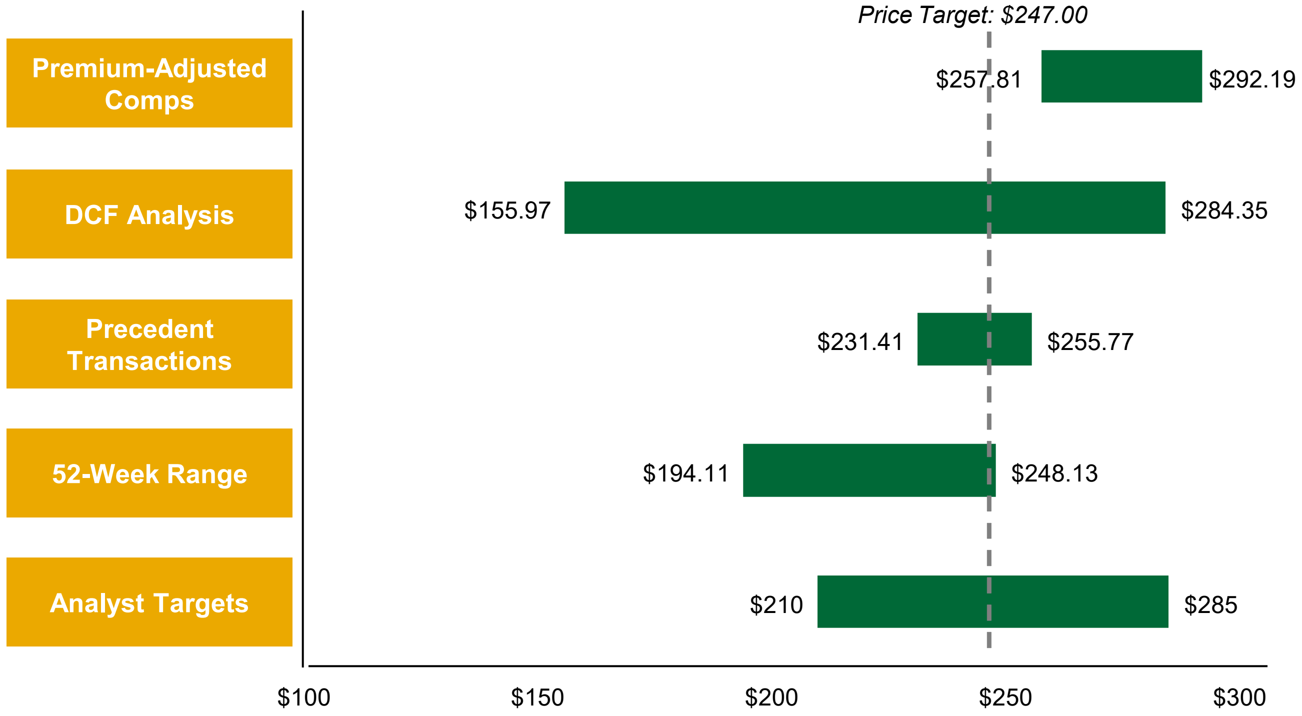
Buy With Price Target of $247.00 (+3%)

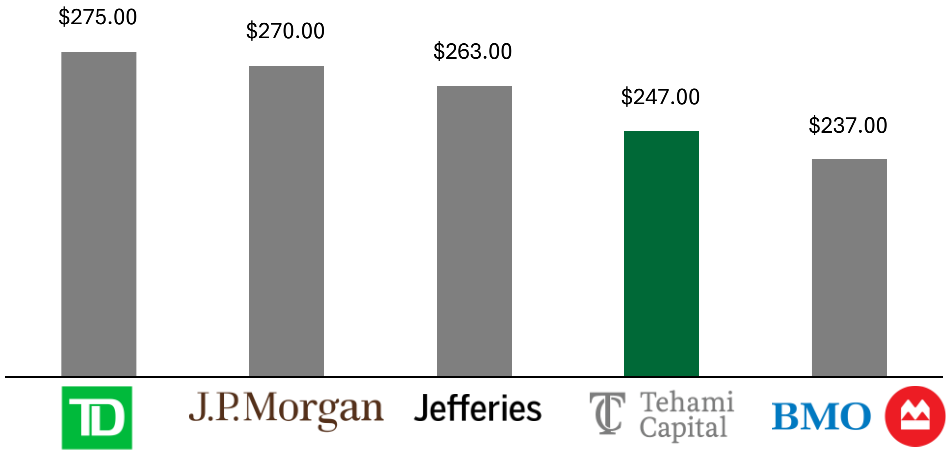
Indicative Valuation Range



Price Target

Valuation Summary		
Analysis	**Price**	**Weight**
Premium-Adjusted Comps	$286.46	40%
DCF Analysis	$204.27	40%
Analyst Targets	$256.76	15%
Precedent Transactions	$243.59	5%
Average	**$247.00**	**100%**

Select Broker Summary



Appendix I: Premium Justification via Regression

Company Name		Share Price		Market Cap		Enterprise Value	Weights	EV/EBITDA 2026E	EBITDA Growth 26' - 28'	EBITDA Margin 2026E	ROIC LTM
Republic Services	$	222.31	$	68,397	$	82,367	50%	14.9x	6.2%	32.1%	8.2%
Waste Connections	$	171.91	$	43,679	$	53,000	25%	15.9x	7.4%	33.3%	6.6%
GFL Environmental	$	55.40	$	20,014	$	28,653	15%	12.7x	9.6%	30.4%	1.6%
Clean Harbors	$	310.58	$	16,413	$	18,976	10%	14.7x	6.9%	20.4%	7.2%
Weighted Avg								**14.8x**	**7.1%**	**31.0%**	**6.7%**
Waste Management	**$**	**239.31**	**$**	**96,101**	**$**	**118,835**		**14.5x**	**6.6%**	**30.9%**	**9.1%**

Regression Analyses between EV/EBITDA and:	EBITDA Growth	EBITDA Margin	ROIC
Intercept	**19.78**	**13.58**	**12.36**
Slope	**-69.41**	**3.37**	**37.28**
Implied WM EV/EBITDA	**15.2x**	**14.6x**	**15.8x**
Implied Comp EV/EBITDA	**14.9x**	**14.6x**	**14.9x**
Premium	**2.5%**	**0.0%**	**6.0%**

Appendix II: DCF Sensitivity

Sensitivity Analysis

Equity Value Per Share

		Dicount Rate				
		5.0%	5.5%	6.0%	6.5%	7.0%
Terminal Growth	1.0%	$ 216.11	$ 185.30	$ 160.63	$ 140.44	$ 123.62
	1.5%	$ 248.73	$ 210.11	$ 180.04	$ 155.97	$ 136.26
	2.0%	$ 292.14	$ 241.96	$ 204.27	$ 174.92	$ 151.43
	2.5%	$ 352.76	$ 284.35	$ 235.38	$ 198.59	$ 169.94
	3.0%	$ 443.34	$ 343.55	$ 276.78	$ 228.97	$ 193.06

Implied Return

		Dicount Rate				
		5.0%	5.5%	6.0%	6.5%	7.0%
Terminal Growth	1.0%	-9.7%	-22.6%	-32.9%	-41.3%	-48.3%
	1.5%	3.9%	-12.2%	-24.8%	-34.8%	-43.1%
	2.0%	22.1%	1.1%	-14.6%	-26.9%	-36.7%
	2.5%	47.4%	18.8%	-1.6%	-17.0%	-29.0%
	3.0%	85.3%	43.6%	15.7%	-4.3%	-19.3%