TERVITA

MANAGEMENT'S DISCUSSION & ANALYSIS

May 6, 2020

ABOUT THIS MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis ("MD&A") is a summary of the financial position and results of operations of Tervita Corporation ("Tervita", the "Company", "we", "our", "us" and similar expressions) for the three months ended March 31, 2020 and as compared to the three months ended March 31, 2019. This MD&A was approved by Tervita's Board of Directors on May 6, 2020 and includes information available up to that date.

This MD&A is a review of the financial results of Tervita, prepared in accordance with International Financial Reporting Standards ("IFRS"), which are also generally accepted accounting principles ("GAAP") for publicly accountable enterprises in Canada. This MD&A should be read in conjunction with: (i) our unaudited Interim Condensed Consolidated Financial Statements and accompanying notes (the "Interim Financial Statements") for the three months ended March 31, 2020 and 2019; (ii) our audited annual Consolidated Financial Statements and accompanying notes (the "Annual Financial Statements") and MD&A (the "Annual MD&A") for the year ended December 31, 2019; (iii) our Annual Information Form ("AIF") dated March 8, 2020; and (iv) our MD&A for the three months ended March 31, 2019.

All financial information reflected herein is expressed in millions of Canadian dollars ("$" or "C$") unless otherwise stated. References to US$ mean United States dollars. Throughout this MD&A, "Q1" means the three months ended March 31.

Certain comparative information has been reclassified to conform to the MD&A presentation adopted for the current year.

This MD&A contains references to the following measures not in accordance with IFRS ("non-GAAP measures"): Adjusted EBITDA, Adjusted EBITDA Margin, Divisional EBITDA, Divisional EBITDA Margin, Discretionary Free Cash Flow, Net Debt to Adjusted EBITDA (LTM), and Covenant EBITDA. Refer to the Non-GAAP Measures section for a full discussion on management's use of non-GAAP measures and their reconciliation to IFRS measures.

This MD&A contains forward-looking statements regarding Tervita and the industries in which we operate. Refer to the Forward-Looking Statements section for more information.

ABOUT TERVITA

Tervita is one of the largest waste and environmentally-focused energy service providers in Canada. We primarily serve companies in the oil and gas industry, as well as the industrial and natural resource sectors, predominantly in Western Canada.

Tervita provides a broad and integrated array of services and environmental management solutions for customers, including: treatment, recovery, and disposal of solids and fluids used in, and generated by, oil and gas drilling, completions, production and reclamation/remediation activity; waste management; oil terminalling; energy marketing; metals recycling; equipment rental; demolition; and decommissioning. Our network of facilities as at March 31, 2020 consisted of 106 active waste processing, disposal, and industrial facilities, including: 46 treatment, recovery, and disposal facilities ("TRDs"); eight stand-alone disposal wells; three cavern disposal facilities; seven onsite facilities; 23 engineered landfills (which included 18 owned sites, two sites operated under contract, and three sites that we market under contract for other landfill operators); four transfer stations; one naturally occurring radioactive material facility; nine bio-remediation facilities; and five metals recycling facilities.

Tervita's activities are managed through two reportable segments: Energy Services and Industrial Services.

- **Energy Services** includes two service lines: facilities and energy marketing. These service lines collectively provide many services to the oil and gas sector, including: treatment, recovery, and disposal of fluids; oil terminalling; energy marketing; processing and disposal of solid materials used in, and generated by, natural resource and industrial production; disposal of oilfield-generated waste; providing specialized onsite services using centrifugation or other processes for heavy-oil producers involved in mining and in-situ production; and purchase and resale of oil volumes associated with treatment, recovery, terminalling, and disposal services, including preparing the oil volumes for entry to the pipeline.
- **Industrial Services** provides comprehensive environmental solutions through four service lines: waste services, metals recycling and rail services, water services, and environmental services. The services provided include site remediation, facility decommissioning, water treatment, sludge and slurry management, bio-remediation and technologies, technical services and environmental liability management, hazardous and non-hazardous waste management and disposal, emergency response, rail services, recycling services to oil and gas and other industrial companies, and waste transportation and classification. Recycling services include the purchase and processing of ferrous and non-ferrous metals recovered from demolition sites and other locations.

In addition to our two reportable segments, Tervita presents intersegment eliminations, general and administrative ("G&A") expenses, and other non-operating expenses as Corporate. G&A includes expenses for executive leadership, human resources, information technology, finance, accounting, business development, communications, legal, and regulatory.

FINANCIAL AND OPERATING HIGHLIGHTS

FINANCIAL HIGHLIGHTS

	Three Months Ended March 31			
	2020	2019	Increase (Decrease)	% Change
Facilities revenue	**114**	116	(2)	*(2)%*
Energy marketing revenue	**312**	347	(35)	*(10)%*
Energy Services revenue	**426**	463	(37)	*(8)%*
Industrial Services revenue	**62**	68	(6)	*(9)%*
Intersegment eliminations	**(2)**	—	(2)	*(100)%*
Revenue	**486**	531	(45)	*(8)%*
Revenue excluding energy marketing	**174**	184	(10)	*(5)%*
G&A expenses	**(12)**	(14)	(2)	*(14)%*
Net profit (loss)	**(42)**	(3)	(39)	*(1,300)%*
- per share ($), basic	**(0.37)**	(0.03)	(0.34)	*(1,133)%*
- per share ($), diluted	**(0.38)**	(0.03)	(0.35)	*(1,167)%*
Adjusted EBITDA [(1)]	**53**	56	(3)	*(5)%*
- per share ($), basic and diluted	**0.46**	0.48	(0.02)	*(4)%*
Adjusted EBITDA margin [(1)]	**30 %**	30 %	— %	
Energy Services Divisional EBITDA[(1)]	**59**	58	1	*2 %*
Industrial Services Divisional EBITDA [(1)]	**6**	12	(6)	*(50)%*
Divisional EBITDA [(1)]	**65**	70	(5)	*(7)%*
Capital additions	**20**	22	(2)	*(9)%*
Discretionary Free Cash Flow [(1)]	**25**	34	(9)	*(26)%*
Shares as at March 31 (000's of shares) [(2)]				
Shares outstanding	**113,107**	117,557	(4,450)	*(4)%*
Weighted average shares - basic	**113,992**	117,557	(3,565)	*(3)%*
Weighted average shares - diluted	**114,676**	117,557	(2,881)	*(2)%*

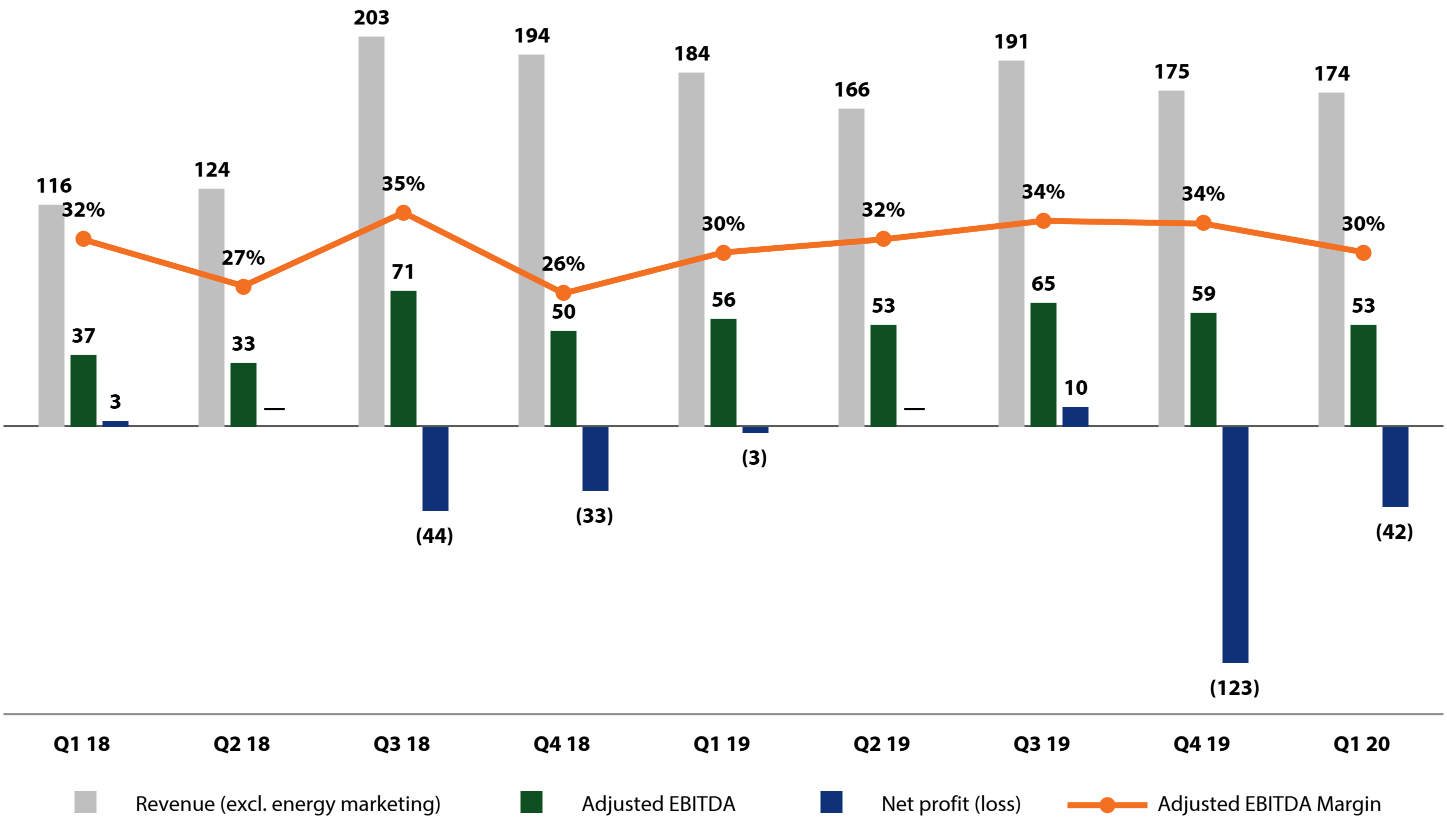
(1) *Refer to the section Non-GAAP Measures for definitions and reconciliation.*
(2) *As at May 6, 2020, the Company had 113,107,140 common shares, 2,702,649 common share purchase warrants, and 2,304,034 stock options outstanding. Each common share purchase warrant and option outstanding is exercisable for one common share.*

INDUSTRY BENCHMARKS

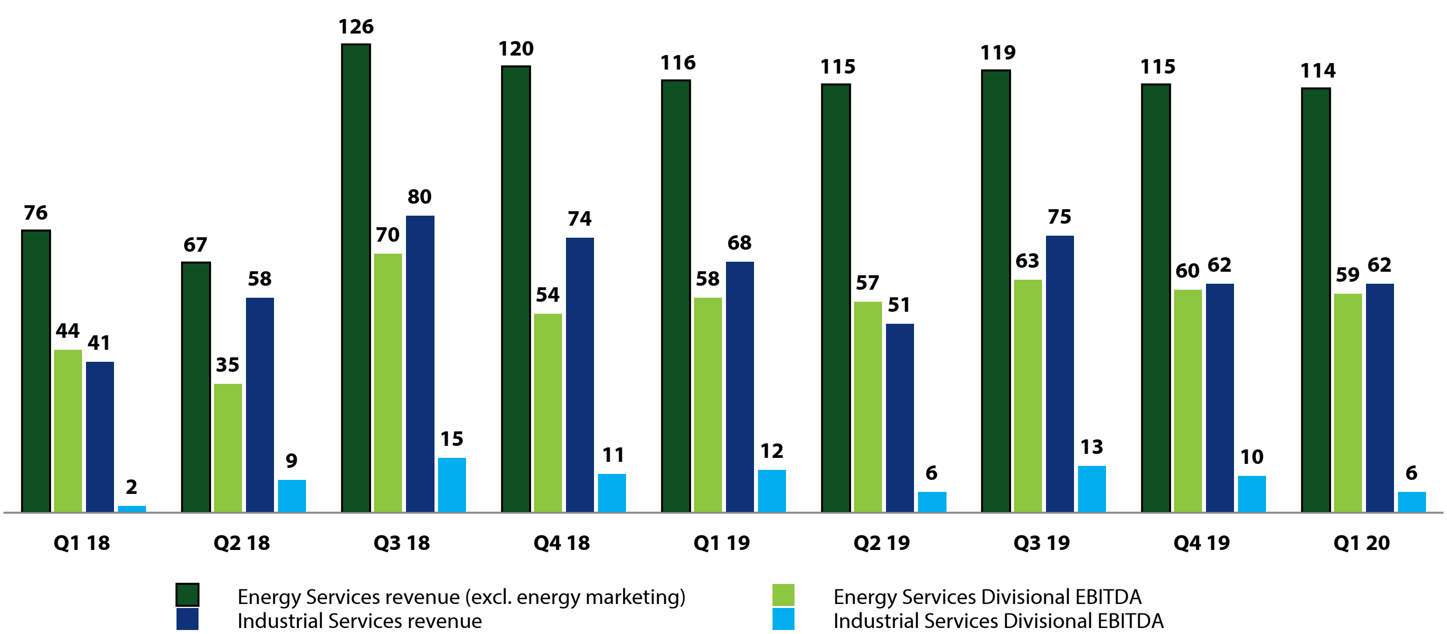
	Three Months Ended March 31			
	2020	2019	Increase (Decrease)	*% Change*
Average WTI (US$/bbl)[(1)]	**$ 45.78**	$ 54.85	$ (9.07)	*(17)%*
Average Edmonton Mixed Sweet (US$/bbl)[(1)]	**$ 37.50**	$ 50.69	$ (13.19)	*(26)%*
Average WCS (US$/bbl)[(1)]	**$ 27.59**	$ 44.25	$ (16.66)	*(38)%*
Average AECO (C$/GJ)[(1)]	**$ 1.92**	$ 2.45	$ (0.53)	*(22)%*
Average Oil Production (Mbbl/d) [(2)]	**4,554**	4,366	188	*4 %*
Average Gas Production (MMcf/d) [(2)]	**16,227**	16,139	88	*1 %*
Meters Drilled (000's of meters drilled) [(3)]	**5,190**	4,530	660	*15 %*
Wells Drilled [(4)]	**1,784**	1,548	236	*15 %*
Foreign Exchange Rate (C$/US$) [(5)]				
Period End	**$ 0.70**	$ 0.75	$ (0.05)	*(7)%*
Period Average	**$ 0.74**	$ 0.75	$ (0.01)	*(1)%*

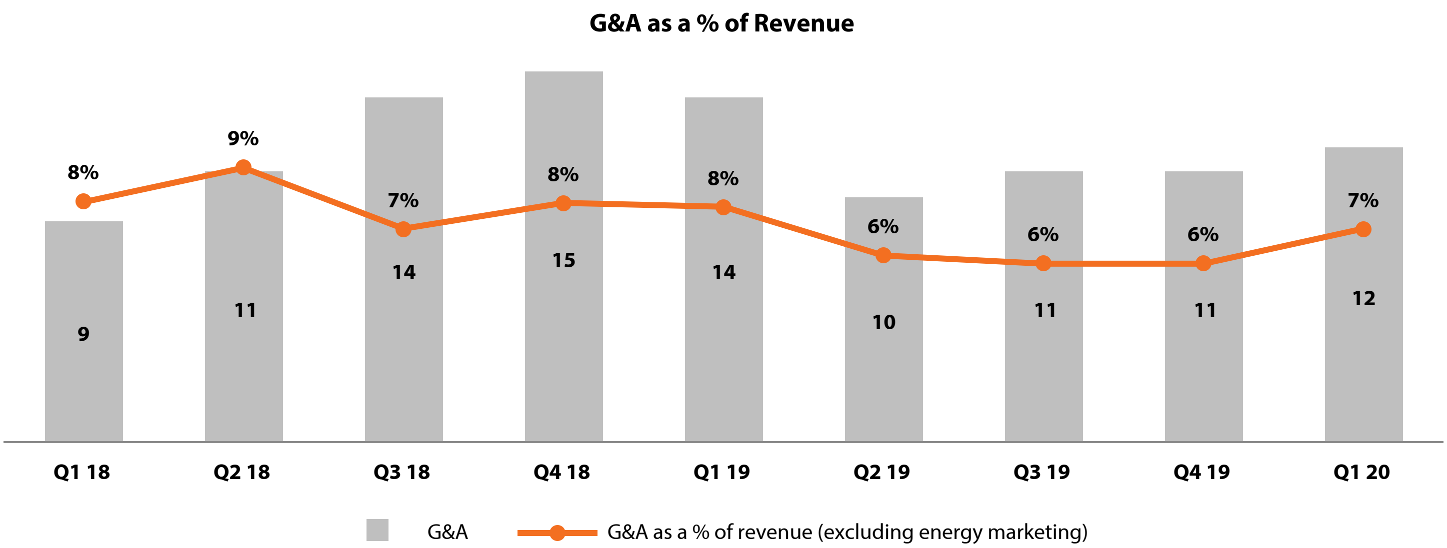
(1) *Information from Bloomberg, Reuters, and Sproule.*
(2) *Information from National Energy Board, Estimated Production of Canadian Crude Oil and Equivalent and Marketable Natural Gas Production in Canada.*
(3) *Information from JuneWarren-Nickle's Energy Group and pertains to Canada.*
(4) *Information for Daily Oil Bulletin and pertains to Canada*
(5) *Information from Bank of Canada.*

Quarterly Revenue, Adjusted EBITDA, and Net Profit (Loss)



Revenue Before Intersegment Eliminations and Divisional EBITDA





FIRST QUARTER RESULTS

Overview

- Q1 2020 revenue excluding energy marketing of $174 million decreased 5% from prior year as increased volumes were offset by lower project activity and decreased commodity pricing.
- Q1 2020 Adjusted EBITDA of $53 million decreased 5% compared to the prior year as decreased Divisional EBITDA was partially offset by a reduction in G&A expenses.
  - Energy Services Q1 2020 net revenue of $114 million remained relatively flat compared to prior year as volumes from newly commissioned facilities, stable production-based volumes, and increased drilling activity were offset by lower commodity pricing. Divisional EBITDA increased 2% to $59 million driven by increased volumes and cost savings initiatives partially offset by lower commodity pricing. Net profit decreased 66% to $11 million due to non-cash impairment expense resulting from the suspension of certain facilities and restructuring costs associated with cost initiatives.
  - Energy marketing Q1 2020 revenue decreased 10% to $312 million compared to prior year primarily due to significant commodity price declines late in the quarter.
  - Industrial Services Q1 2020 revenue of $62 million decreased 9% compared to prior year primarily driven by lower event-based project activity. Divisional EBITDA decreased 50% to $6 million driven by lower project activity and decreased ferrous metal pricing, partially offset by cost savings initiatives. Net loss for the quarter of $1 million was driven by the same factors as Divisional EBITDA.
  - G&A expense of $12 million, decreased by 14% for the quarter compared to prior year due to ongoing focus on cost control.
- Successfully commissioned and are fully operational at our Montney water disposal facility, which is backed by a senior producer with a minimum five-year commitment.
- Q1 2020 restructuring costs of $8 million associated with cost savings initiatives actioned in the quarter are expected to drive $30 to $34 million of annualized savings (approximately $22 to $26 million before restructuring costs in 2020). These initiatives were related to reduced Board of Directors' cash retainer, executive salary reductions, headcount reductions and location optimization throughout our network.
- Capital additions related to growth and expansion projects were $12 million in the quarter, largely related to carryover projects initiated in 2019. Capital additions related to maintenance projects were $8 million, an increase over prior year primarily due to the temporary capping of two landfills cells.
- Suspended our normal course issuer bid ("NCIB") program in order to preserve liquidity.

OUTLOOK

Recent developments in the energy markets and the impact of COVID-19 on the economy has caused a steep decline in commodity prices. As a result, customer spending and drilling is expected to decline significantly in Q2 and the second half of 2020. Further, production levels are being challenged by the decline in oil prices due to reduced customer demand and the resulting shortage of storage capacity, which has resulted in some producers shutting in or reducing their production. In this unprecedented environment we have proactively taken steps to keep our people safe, reduce costs, and protect liquidity. Due to the uncertain and rapidly changing nature of the current environment, we cannot provide any meaningful guidance at this time. Our business remains strongly underpinned by ongoing production in the Western Canadian Sedimentary Basin ("WCSB"), which has been more resilient than drilling activity and which we anticipate will recover more quickly. Our Industrial Services business, while impacted by the COVID-19 downturn, is less exposed to the upstream oil and gas industry and is also anticipated to recover more quickly.

SAFETY

The health and safety of our people, our customers and the communities we operate in remains our top priority. We have implemented our business continuity plan in response to the COVID-19 pandemic to keep employees safe and healthy, assist our customers and ensure safe operations. We also have a dedicated COVID-19 team that has been formed to manage the continuity plan, implement proactive measures and keep our people and customers updated on this ever-changing situation.

COST REDUCTIONS

We took immediate action following the decline of commodity prices to reduce our fixed costs by an estimated $30 to $34 million on an annualized basis ($22 to $26 million before restructuring costs in 2020). These actions include a reduction to the Board of Directors' cash retainer, salary reductions for the executive leadership team, employee headcount reduction, and location optimization throughout our network. We have also completed an organizational restructuring of the Industrial Services segment and Tervita's business services resulting in a 20% reduction to the size of the executive leadership team. Further, we reduced our 2020 capital plan to $60 million, a 56% reduction from 2019 expenditures, with the ability to adjust the capital plan up or down in response to commodity prices and the economic environment. We continue to look for and execute opportunities to reduce costs, improve efficiencies and ensure all open and operating facilities are generating positive cash flows.

GOVERNMENT PROGRAMS

In recent weeks the Federal Government of Canada has announced programs to assist companies through the current economic environment. We are actively monitoring the programs including the Canada Emergency Wage Subsidy, which we have applied for, and the $1.7 billion fund to accelerate orphan and inactive well abandonment, which will provide thousands of jobs throughout Western Canada. We believe the orphan well program provides many opportunities for Tervita, including work through the Orphan Well Association (“OWA”) in which Tervita is a prime contractor. Tervita has the largest portfolio of landfills in Western Canada and, in connection with our environmental services’ business, we are well positioned to work closely with customers across British Columbia, Alberta and Saskatchewan to access and remediate their oilfield liabilities.

LIQUIDITY

We remain focused on financial discipline and protecting liquidity and have positioned the company with ample liquidity of $234 million of cash and unutilized capacity on our credit facility. Tervita’s US$590 million senior notes are not due until the fourth quarter 2021.

Through this challenging environment our priorities remain the health and safety of our people as well as providing a valuable service to our customers. We continue to monitor our external environment and are well prepared to take any further action required throughout the year.

OPERATING RESULTS

ENERGY SERVICES

Facilities include our TRDs, caverns, disposal wells, landfills and onsite projects, and represent activities related to the treatment, recovery, and disposal of fluids, the processing and disposal of solid materials used in and generated by natural resource and industrial production, and the disposal of oilfield waste, as well as specialized services on a customer's site including centrifugation or other processes for heavy oil producers involved in mining and in-situ production.

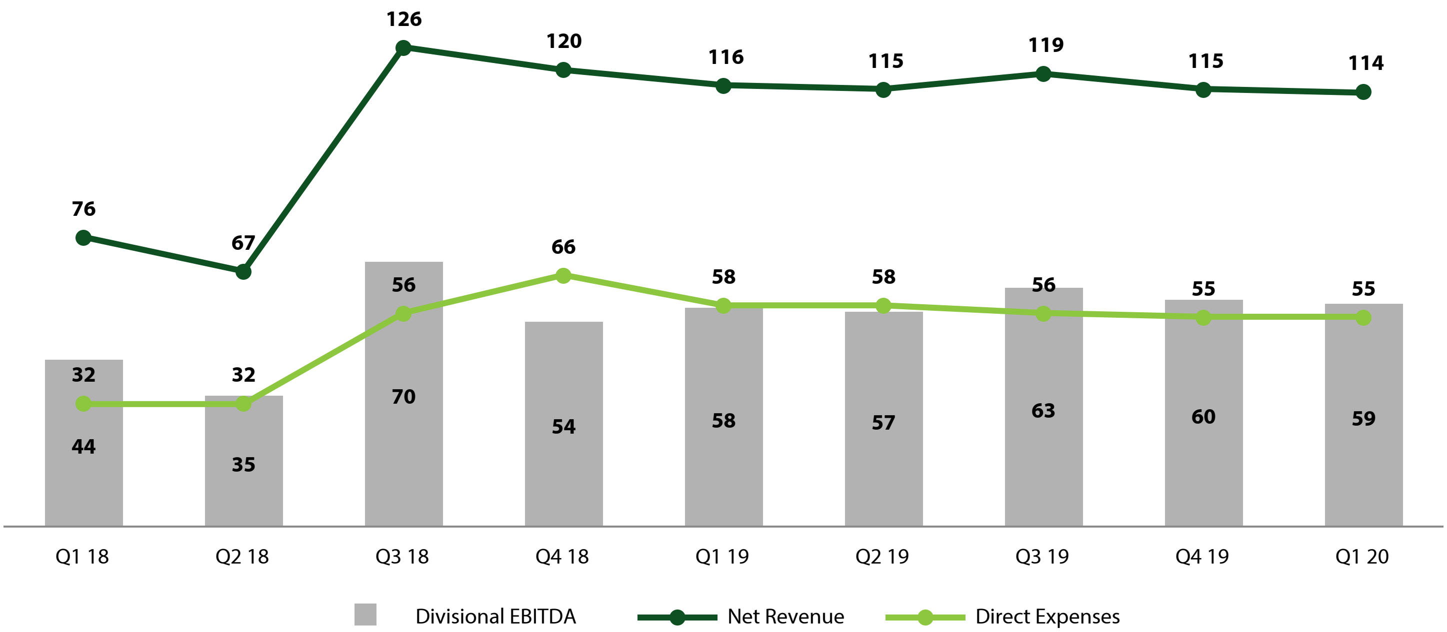
Energy marketing represents activities related to the purchase and resale of oil volumes associated with terminalling, treatment, recovery, and disposal services. Revenue and direct expenses for energy marketing activities are recorded at the purchased cost of oil. Revenue related to services provided by TRD facilities to prepare the energy marketing oil volumes for entry to the pipeline, including treatment, blending, and terminalling, are reported with facilities revenue.

Energy Services Financial Highlights

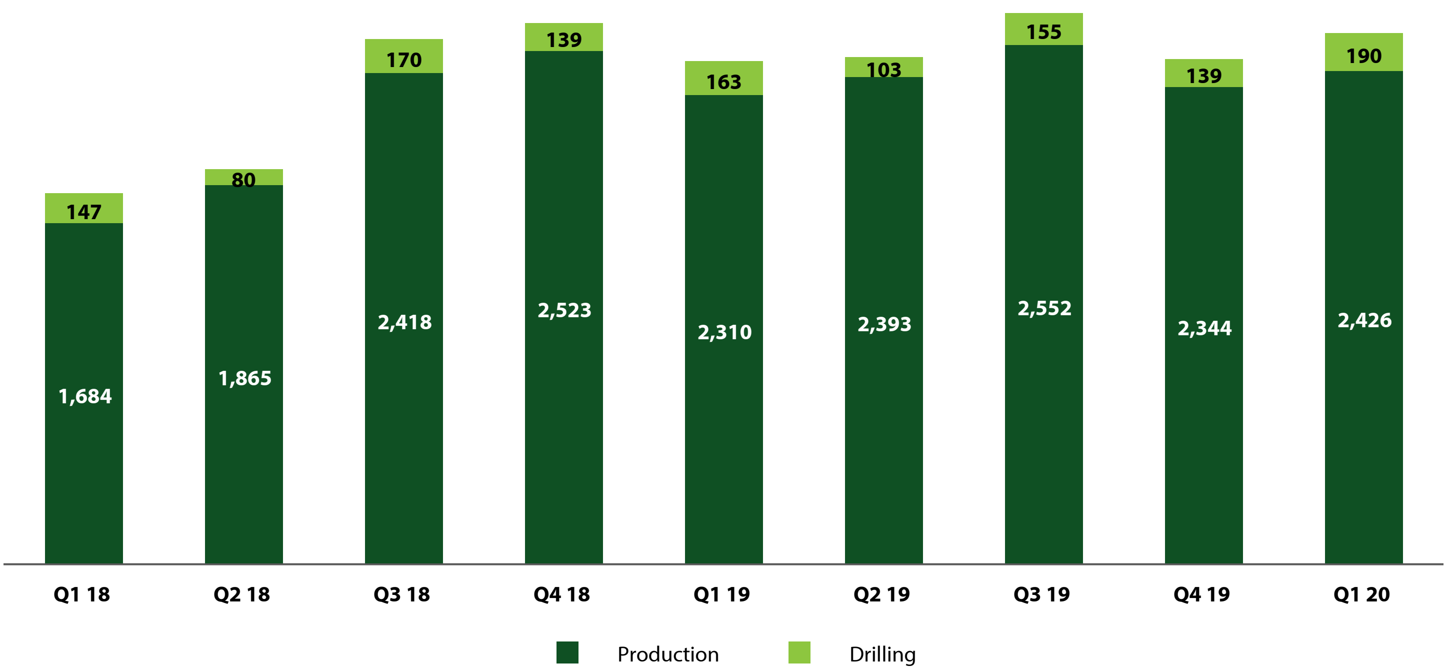
	Three Months Ended March 31			
	2020	2019	Increase (Decrease)	*% Change*
Facilities revenue	**114**	116	(2)	*(2)%*
Energy marketing revenue	**312**	347	(35)	*(10)%*
Less: energy marketing direct expenses	**(312)**	(347)	35	*10 %*
Net Energy Services revenue	**114**	116	(2)	*(2)%*
Facilities direct expenses	**(55)**	(58)	(3)	*(5)%*
Depreciation and amortization	**(24)**	(27)	(3)	*(11)%*
Restructuring costs	**(5)**	—	5	*100 %*
Impairment reversal (expense)	**(20)**	3	23	*767 %*
Operating profit (loss)	**10**	34	(24)	*(71)%*
Finance costs	**(1)**	(2)	(1)	*(50)%*
Other income (expense)	**2**	—	(2)	*(100)%*
Net profit (loss)	**11**	32	(21)	*(66)%*
Divisional EBITDA [(1)]	**59**	58	1	*2 %*
Divisional EBITDA Margin [(1)]	***52 %***	*50 %*	*2 %*	

[(1)] *Refer to Non-GAAP Measures section for definitions and reconciliations.*

Energy Services Quarterly Results



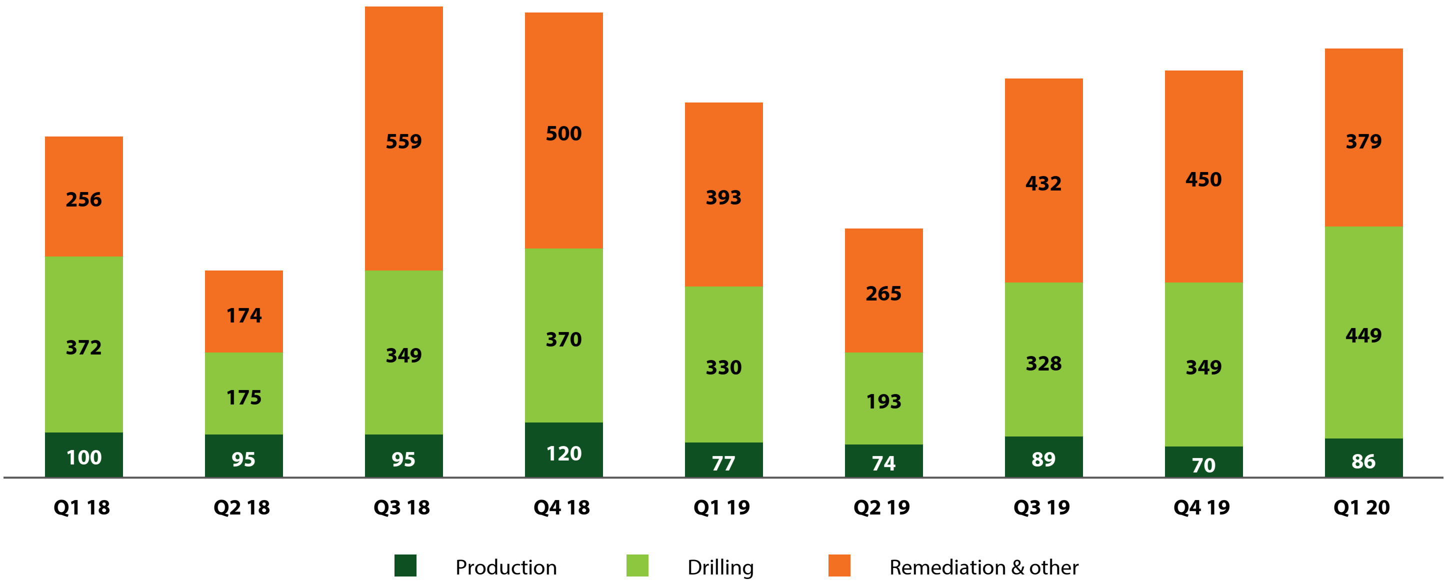
TRDs, Caverns and Wells Volumes by Revenue Source (thousands of m3)



Production volumes are related to oil and gas production operations and include volumes for treatment, terminalling, and disposal activities for liquid waste from emulsion and produced water.

Drilling volumes are related to oil and gas drilling activities and include volumes for processing and disposal of waste and waste water.

Landfills Volumes by Revenue Source (thousands of tonnes)

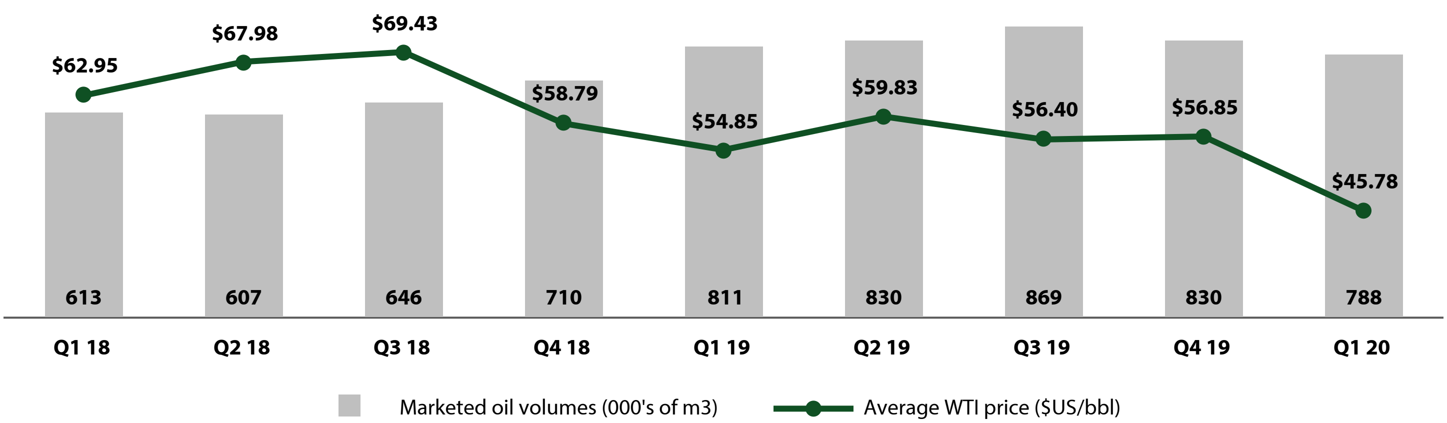


Production volumes are related to oil and gas production operations and include volumes for disposal activities for solids waste from emulsions.

Drilling volumes are primarily volumes for drill cuttings related to oil and gas drilling.

Remediation & other volumes are related to the processing and disposal of solid waste from spill cleanup and remediation or reclamation activities, revenue earned on managed landfills, and other service-related activities.

Marketed Oil Volumes Compared to Average WTI Prices



Q3 2018 and Q4 2018 marketed oil volumes exclude volumes marketed by a third party. Beginning January 1, 2019, these volumes were marketed by Tervita.

Energy Services First Quarter Results

- Net revenue of $114 million was relatively flat to prior year. An increase in volumes, combined with contributions from growth capital and strategic customer offerings were partially offset by lower commodity pricing.
    - TRDs production and drilling volumes increased 5% and 17% respectively, primarily driven by the commissioning of our Montney water disposal project, stable production volumes and increased drilling volumes. This was more than offset by the negative impact of commodity pricing towards the latter part of the quarter.
    - Landfills volumes increased 14% compared to prior year, specifically in the Montney and Duvernay regions, driven by increased drilling activity and dormant and orphan well reclamation programs combined with a focus on strategic customer offerings.
- Divisional EBITDA increased 2% compared to prior year, primarily driven by a 9% increase in drilling and production volumes and cost saving initiatives, partially offset by the impact of unfavorable commodity pricing.
- Divisional EBITDA Margin was 52% compared to 50% in Q1 2019.
- Net profit decreased $21 million primarily due to non-cash impairment expense resulting from the suspension of certain facilities and restructuring costs associated with cost savings initiatives.

INDUSTRIAL SERVICES

Industrial Services is comprised of four service lines: waste services, metals recycling and rail services, water services, and environmental services. Revenue from these service lines is derived from: commodity-based sales from ferrous and non-ferrous metals; facility-based services including hazardous and non-hazardous waste management and disposal and waste transportation and classification; and project-based services including site remediation, facility decommissioning, water treatment, sludge and slurry management, bio-remediation and technologies, technical services and environmental liability management, emergency response, and rail services.

Industrial Services Financial Highlights

	Three Months Ended March 31			
	2020	2019	Increase (Decrease)	*% Change*
Commodity-based sales	**11**	12	(1)	*(8)%*
Facility-based services	**10**	10	—	*— %*
Project-based services	**41**	46	(5)	*(11)%*
Total revenue	**62**	68	(6)	*(9)%*
Direct expenses	**(56)**	(56)	—	*— %*
Depreciation and amortization	**(4)**	(5)	(1)	*(20)%*
Restructuring costs	**(2)**	(2)	—	*— %*
Impairment reversal (expense)	**—**	1	1	*100 %*
Operating profit (loss)	**—**	6	(6)	*(100)%*
Finance costs	**(1)**	(1)	—	*— %*
Net profit (loss)	**(1)**	5	(6)	*(120)%*
Divisional EBITDA [1]	**6**	12	(6)	*(50)%*
Divisional EBITDA Margin [1]	***10 %***	*18 %*	*(8)%*	

[1] Refer to Non-GAAP Measures section for definitions and reconciliations.

Industrial Services First Quarter Results

- Revenue of $62 million decreased 9% compared to prior year primarily due to lower event-based project work and decreased ferrous metal pricing. Project work declines were largely due to lower event-based rail activity as 2019 was a record quarter in rail services due to two large-scale derailments in Q1. Derailment activity returned to historic normal levels in Q1 2020.
- Divisional EBITDA of $6 million decreased 50% compared to prior year. The decline was driven primarily by lower event-based project work and decreased ferrous metal pricing, partially offset by cost savings initiatives.
- Net loss for the quarter was $1 million, driven by the same factors as Divisional EBITDA.
- Divisional EBITDA Margin decreased 8 percentage points as a result of lower margin project work, primarily related to event-based business in rail services, combined with the impact of lower ferrous metal pricing.

CORPORATE

	Three Months Ended March 31			
	2020	2019	Increase (Decrease)	*% Change*
Revenue - intersegment eliminations	**(2)**	—	2	*100 %*
Direct costs - intersegment eliminations	**2**	—	(2)	*(100)%*
G&A expenses	**(12)**	(14)	(2)	*(14)%*
Depreciation and amortization	**(1)**	(2)	(1)	*(50)%*
Restructuring costs	**(1)**	—	1	*100 %*
Impairment reversal (expense)	**3**	(1)	(4)	*(400)%*
Finance costs	**(19)**	(19)	—	*— %*
Transaction costs	**—**	(2)	(2)	*(100)%*
Other income (expense)	**(23)**	(2)	21	*1,050 %*
Income tax recovery (expense)	**1**	—	(1)	*(100)%*
Total Corporate expenses	**(52)**	(40)	12	*30 %*
G&A as a % of revenue (excl. energy marketing)	***7 %***	*8 %*	*(1)%*	

General and Administrative Expenses

- Q1 2020 G&A expenses decreased by $2 million from 2019, reflecting the Company's ongoing focus on cost management.

Other Income (Expense)

	Three Months Ended March 31			
	2020	2019	Increase (Decrease)	*% Change*
Gain (loss) on sale of assets	**(1)**	—	1	*100 %*
Share-based compensation	**5**	(1)	(6)	*(600)%*
Change in provisions and onerous lease contracts	**—**	(1)	(1)	*(100)%*
Foreign exchange gain (loss)	**(27)**	—	27	*100 %*
Other income (expense)	**(23)**	(2)	21	*1050 %*

- Other expense increased by $21 million in Q1 2020 compared to the prior year due to foreign exchange losses on the Company's senior secured notes as a result of the stronger US currency, partially offset by share-based compensation recoveries.

LIQUIDITY AND CAPITAL RESOURCES

LIQUIDITY AND LIQUIDITY RISK

The term liquidity refers to the ability and speed with which a company's assets can be converted into cash. Liquidity risk refers to the risk encountered in meeting financial obligations settled by cash or another financial asset. Our liquidity risk may arise from general day-to-day cash requirements and in the management of our assets, liabilities, and capital resources. We manage our cash and senior secured revolving credit facility ("credit facility") balances to have sufficient capital to fund ongoing operations, capital programs, and growth initiatives. Our liquidity and operational cash requirements are managed through cash flow forecasts, monitoring of operational expenditures compared to budget, and monitoring of financial leverage ratios. Our liquidity needs and working capital requirements can be sourced through cash provided by operating activities, existing credit facilities, and access to debt and capital markets.

Our debt structure as at March 31, 2020 included: (i) $15 million of a short-term draw on the $275 million credit facility; and (ii) an aggregate principal amount of US$590 million senior secured notes, net of US$20 million that we repurchased in November 2019. The senior secured notes bear a coupon rate of 7.625%, with interest payable semi-annually on June 1 and December 1, and mature on December 1, 2021.

Standard and Poors Financial Services LLC ("S&P") and Moody's Investor Service, Inc. provide a corporate and senior secured notes credit rating (for further disclosure on credit ratings refer to our AIF). In April 2020, based on the impact the decline in oil prices and related activity levels had on the energy industry and companies that provide services to them, S&P downgraded our credit rating from B+ to CCC+ (negative) for our corporate rating and from B+ to CCC+ for our senior secured notes.

At March 31, 2020, Tervita had $58 million in letters of credit ("LCs") issued against and $15 million drawn on our credit facility. The remaining $202 million of capacity, combined with $32 million of cash and cash equivalents, provided $234 million in available liquidity. The credit facility has a scheduled termination date of June 1, 2021, with normal course extension provisions under the credit agreement.

For the three months ended March 31, 2020, Tervita generated $44 million (March 31, 2019 - $31 million) of cash from operations (net of working capital and including decommissioning activities) and invested approximately $38 million (March 31, 2019 - $18 million) of cash in property, plant and equipment and intangible assets. Tervita did not require any additional liquidity to support continuing operations.

For the three months ended March 31, 2020, Discretionary Free Cash Flow was $25 million, a decrease of $9 million from 2019, due to lower funds from operations and higher cash spend on maintenance capital. Discretionary Free Cash Flow represents Tervita's capacity to fund its ongoing growth capital spending, reduce Net Debt, and repurchase common shares under the NCIB.

Net Debt to Adjusted EBITDA (LTM) at March 31, 2020 was 3.37.

SOURCES OF CASH

Our liquidity needs can be sourced in several ways, including: funds from operations, draws against or increases in our credit facility, new debt instruments, proceeds from the sale of long-term assets, and issuance of share capital.

At March 31, 2020, Tervita had cash and cash equivalents of $32 million. After adjusting for the US$20 million of repurchased debt, cash and cash equivalents are largely unchanged from the same period in the prior year.

Credit Facility

At March 31, 2020, $202 million was available and undrawn under our credit facility for general corporate purposes, as well as to provide LCs to third parties. The maximum additional value of LCs that can be issued under the LC program is $142 million.

Under the terms of Tervita's credit facility we must comply with certain financial and non-financial covenants, including: (i) Total Leverage Ratio; (ii) Secured Leverage Ratio; and (iii) Interest Coverage Ratio.

The Company was in compliance with its covenants at March 31, 2020 as follows:

	Required	Actual
Total Leverage Ratio	Less than 4.50	3.70
Secured Leverage Ratio	Less than 2.50	0.21
Interest Coverage Ratio	Greater than 2.00	3.31

Total Leverage Ratio

Total Leverage Ratio is calculated as the ratio of Total Indebtedness to Covenant EBITDA. Total Indebtedness consists of the amounts drawn on our credit facility, outstanding principal value of the senior secured notes, reported in C$ and reflecting the impact of cross-currency swaps, less cash balances up to a total of $75 million.

Tervita's Total Leverage Ratio cannot exceed 4.50 to 1.00.

Secured Leverage Ratio

Secured Leverage Ratio is defined as Secured Indebtedness to Covenant EBITDA. Secured Indebtedness consists of the outstanding LCs (which reduce the borrowing availability under the credit facility) and amounts drawn on our credit facility, less cash balances up to a total of $75 million.

Tervita must maintain a Secured Leverage Ratio of less than 2.50 to 1.00.

Interest Coverage Ratio

Interest Coverage Ratio is defined as Covenant EBITDA to Interest Expense, where Interest Expense consists of interest payments on the senior secured notes and amounts drawn under our credit facility for the last twelve months, interest due on LCs, and standby fees.

Tervita must maintain an Interest Coverage Ratio greater than 2.00 to 1.00.

USES OF CASH

Our primary uses of cash include capital expenditures, operating and G&A expenses, payments for decommissioning obligations, servicing and repayment of the senior secured notes and credit facility, and until its recent suspension, repurchasing common shares under the NCIB. Some of these cash outflows are contractually obligated into the future.

Capital Investments

Capital additions are classified as either growth and expansion capital or maintenance capital. Growth and expansion capital are investments to expand our existing facilities, develop our landfills and caverns, and purchase property, plant and equipment, with the intent of expanding existing businesses or entering into new locations or markets. Maintenance capital is incurred to retain the current performance levels of existing assets.

Change in capital accruals represent the net non-cash additions to property, plant and equipment and intangible assets that occur as a result of the timing difference between capitalizing an asset and settling the related liability in cash.

Capital additions for the three months ended March 31 were as follows:

	Three Months Ended March 31			
	2020	2019	Increase (Decrease)	% Change
Growth and expansion	**12**	18	(6)	*(33)%*
Maintenance	**8**	4	4	*100 %*
Capital additions	**20**	22	(2)	*(9)%*
Change in capital accruals	**18**	(4)	22	*550 %*
Cash spend	**38**	18	20	*111 %*
Growth and expansion	**28**	13	15	115 %
Maintenance	**10**	5	5	100 %

Management evaluates capital projects based on their internal rate of return, payback period, fit with our corporate strategy, and risks associated with the projects, among other factors. Growth and expansion capital investment is prioritized towards projects that provide stable cash flows and where there is a high degree of certainty of completing projects on time, and on budget. The amount and timing of future maintenance capital is primarily dependent on the volume of waste that is received at our facilities.

We will continue to identify, plan, and execute a growth capital portfolio. Refer to the Outlook section for a discussion of expected capital additions for 2020.

NCIB

In 2019, we commenced a NCIB to repurchase up to 5,877,855 common shares until May 6, 2020. On March 31, 2020, Tervita suspended its NCIB. As at and for the three months ended March 31, 2020, we repurchased 1,247,524 common shares for $9 million.

In 2019, we entered into an Automatic Share Purchase Plan ("ASPP"), which permits an independent broker to repurchase shares under the NCIB during blackout periods. Tervita terminated the ASPP on March 16, 2020, resulting in reversal of the provision recognized in the Annual Financial Statements.

SUMMARY OF COMPARATIVE RESULTS

SEASONALITY

Our quarterly results reflect how Energy Services is influenced by seasonal weather patterns. During the spring thaw and at other times of the year, wet weather can make the ground unstable. Consequently, roads become impassable or municipalities and provincial transportation departments enforce road bans that restrict the movement of trucks, rigs, and other heavy equipment, reducing the activity levels and placing an increased importance on the location of the equipment prior to the imposition of the road bans. As a result, Energy Services (excluding energy marketing) tends to earn lower revenue and operating profit in the second fiscal quarter (refer to the Operating Results section for a discussion on Energy Services). If the weather causes the ground to be unstable for longer than usual, operating results may continue to be negatively impacted.

QUARTERLY REVIEW SUMMARY

	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
Revenue (excluding energy marketing)	**174**	175	191	166	184	194	203	124
Energy marketing revenue	**312**	416	420	424	347	208	439	416
Revenue	**486**	591	611	590	531	402	642	540
Profit (loss) from continuing operations	**(42)**	(123)	10	—	(3)	(33)	(44)	—
- per share ($), basic	**(0.37)**	(1.07)	0.09	—	(0.03)	(0.28)	(0.38)	—
- per share ($), diluted	**(0.38)**	(1.07)	0.09	—	(0.03)	(0.28)	(0.38)	—
Net profit (loss)	**(42)**	(123)	10	—	(3)	(33)	(44)	—
- per share ($), basic	**(0.37)**	(1.07)	0.09	—	(0.03)	(0.28)	(0.38)	—
- per share ($), diluted	**(0.38)**	(1.07)	0.09	—	(0.03)	(0.28)	(0.38)	—
Adjusted EBITDA	**53**	59	65	53	56	50	71	33
Divisional EBITDA								
Energy Services	**59**	60	63	57	58	54	70	35
Industrial Services	**6**	10	13	6	12	11	15	9

Q4 2019 to Q1 2020
- The decrease in revenue was in energy marketing largely due to lower commodity pricing.
- Net loss decreased due to less impairment expense related to specific assets and closed or suspended sites.

Q3 2019 to Q4 2019
- Net loss increased primarily due to impairment expense related to specific assets and closed or suspended sites.

Q2 2019 to Q3 2019
- The increase in revenue (excluding energy marketing) was primarily due to higher project revenue in environmental services.
- Adjusted EBITDA increased primarily due to higher margins earned at Energy Services facilities and higher project revenue in environmental services.
- Energy Services Divisional EBITDA increased primarily due to higher margins earned at facilities.
- Industrial Services Divisional EBITDA increased primarily due higher project revenue in environmental services.

Q1 2019 to Q2 2019	• The increase in revenue was primarily from energy marketing due to an increase in Canadian crude oil prices. • Revenue (excluding energy marketing) decreased due to smaller-scale rail services projects. • Industrial Services Divisional EBITDA decreased primarily due to fewer and smaller size rail services projects.
Q4 2018 to Q1 2019	• The decrease in revenue (excluding energy marketing) was primarily due to lower volumes through Energy Services facilities from lower production and drilling-related market activity. • The increase in energy marketing revenue was primarily due to higher marketed oil volumes from acquired Newalta Corporation ("Newalta") facilities, which were marketed by Tervita beginning Q1 2019 and by a third party in 2018.
Q3 2018 to Q4 2018	• The decrease in revenue was primarily attributable to the reduced activity and associated recovered oil revenue due to the extreme widening of differentials during Q4 2018. • Net loss decreased primarily due to transaction costs incurred on the Newalta acquisition during Q3 2018. • The decrease in Adjusted EBITDA and Energy Services Divisional EBITDA was primarily attributable to the reduced activity due to the extreme widening of differentials during Q4 2018.
Q2 2018 to Q3 2018	• Revenue increased primarily due to the acquisition of Newalta operations as well as higher Canadian crude oil prices on greater than Q2 2018 marketed oil volumes. • Net profit decreased primarily due to transaction and finance costs incurred on the Arrangement. The increase in these costs were largely offset by the increase in operating profit. • Adjusted EBITDA and Energy Services Divisional EBITDA increased due to the acquisition of Newalta operations, as well as the seasonal increase in activity. • Industrial Services Divisional EBITDA increased primarily due to the acquisition of Newalta operations.

OTHER ITEMS

FINANCIAL INSTRUMENTS

As at March 31, 2020, financial instruments included cash and cash equivalents, trade and other receivables, sublease receivables, equity investments, trade and other payables, interest payable, credit facility, senior secured notes, lease liabilities, derivative assets (liabilities) and contingent considerations. Excluding senior secured notes, the fair values of the financial instruments approximated their carrying values due to the short-term maturities. The fair value of the senior secured notes is influenced by changes in the risk-free interest rates.

Tervita is exposed to foreign currency risk with respect to its US$-denominated senior secured notes. Tervita manages this exposure by maintaining cross-currency swaps on a portion of our US$ debt (US$360 million senior secured notes), thereby fixing the exchange rate. These cross-currency swaps are designated as a hedge to reduce variability in cash flows due to changes in the US$ to C$ exchange rates. As a result of this risk management strategy, Tervita reclassified $43 million of the cash flow hedge reserve to net profit (loss) to offset unrealized foreign exchange loss for the three months ended March 31, 2020 (March 31, 2019 - $11 million gain). The Company incurred an unrealized foreign exchange loss of $28 million on the remaining US$ debt during the three months ended March 31, 2020, which is included in net profit (loss).

For further information regarding our financial instruments and how we manage the risk associated with these instruments, refer to note 22 of the Annual Financial Statements with an update provided in note 9 of the Interim Financial Statements, and the Liquidity and Liquidity Risk section of this MD&A.

OFF-BALANCE SHEET ARRANGEMENTS

Tervita has discussed off-balance sheet arrangements in relation to commitments, contingencies, and guarantees in note 26 of the Annual Financial Statements with no significant updates to note during the three months ended March 31, 2020. Tervita does not believe that any of these off-balance sheet arrangements have, or are reasonably likely to have, a current or future material effect on the Company’s financial performance or financial condition, results of operations, liquidity, or capital expenditures.

LEGAL AND ENVIRONMENTAL MATTERS

After evaluation from Tervita's management and Board of Directors, we have determined the claim against Secure Energy Services has merit and, accordingly, set a court date for early 2022 and non-binding mediation has been scheduled for late 2020.

Refer to note 26 of the Annual Financial Statements for disclosure of other legal and environmental matters.

RELATED PARTY TRANSACTIONS

Refer to note 25 of the Annual Financial Statements for disclosure regarding related party transactions.

IMPACT OF NEW ACCOUNTING STANDARDS

There were no new accounting standards or interpretations of accounting standards that had a material impact on the Interim Financial Statements.

ACCOUNTING POLICIES

Tervita's significant accounting policies are included in the related notes of the Annual Financial Statements.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Critical accounting estimates are those that require management to make judgments and estimates that affect the application of accounting policies and the reported assets, liabilities, revenues, expenses, gains, losses, and disclosures of off-balance sheet arrangements. These judgments and estimates are uncertain at the time the estimates are made and are subject to change based on experience and available information. Recent global events, including the COVID-19 pandemic and the rapid decline of oil prices, have created a challenging and volatile economic environment, subjecting our estimates and judgments to a higher degree of measurement uncertainty. Changes to critical accounting estimates could have a material impact on the Company's Interim Financial Statements.

The most significant accounting estimates and judgments used in the preparation of our Interim Financial Statements are included in the related notes of the Annual Financial Statements.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Tervita's disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR") are designed to provide reasonable assurance regarding the disclosure of information and reliability of external financial reporting and the preparation of the financial statements in accordance with IFRS. Tervita follows the Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Chief Executive Officer and the Chief Financial Officer (collectively, the "Certifying Officers") have evaluated the design and effectiveness of DC&P and ICFR and concluded that there were no changes during the three months ended March 31, 2020 that materially affected, or are reasonably likely to materially affect, Tervita's ICFR.

Management, including the Certifying Officers, does not expect that the Company's DC&P and ICFR will prevent or detect all misstatements or instances of fraud. Based on their inherent limitations, DC&P and ICFR may not prevent or detect misstatements, and even those controls determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation and not absolute assurance that all control issues, misstatements, or instances of fraud, if any, within the Company have been detected.

NON-GAAP MEASURES

Tervita uses both IFRS measures and non-GAAP measures to assess performance. To supplement financial information presented in accordance with IFRS, non-GAAP measures referred to in this MD&A are provided to enhance the reader's understanding of Tervita's operational and financial performance. The non-GAAP measures presented in this MD&A are not measurements of financial performance under IFRS and should not be considered as an alternative to profit (loss), cash provided by (used in) operating activities, or other performance measures derived in accordance with IFRS. As non-GAAP measures do not have a standardized meaning prescribed by IFRS, Tervita's method of determining non-GAAP measures may vary from the methods used by other companies and may not be comparable to similarly titled measures, ratios, or credit statistics disclosed by other companies.

ADJUSTED EBITDA, ADJUSTED EBITDA MARGIN, DIVISIONAL EBITDA, AND DIVISIONAL EBITDA MARGIN

We believe Adjusted EBITDA and Divisional EBITDA are useful in measuring the operating performance of Tervita and our reportable segments, respectively. Adjusted EBITDA is derived from the Consolidated Statements of Profit (Loss) and is defined as net profit (loss) before tax, other income (expense), finance costs, impairment reversal (expense), depreciation and amortization, and certain items that are considered non-recurring in nature, including restructuring and transaction costs. Non-recurring severance costs from the prior periods have been reclassified to restructuring costs to conform with the current period's presentation, which had no impact on the prior periods' Adjusted EBITDA. Divisional EBITDA is defined as Adjusted EBITDA excluding G&A expenses, and is calculated including directly attributable costs (such as those related to reporting segment leadership, business development, environmental health and safety, and sales and marketing) with no allocation of Corporate G&A expenses, other expenses (income), or income tax expense (recovery).

Management believes that Adjusted EBITDA provides improved comparability of our operating results from our principal business activities over time and is an important indicator of our ability to generate liquidity through cash flow from operating activities. Divisional EBITDA provides an indication of the results generated by the reportable segments' principal business activities and is an important indicator of Tervita's ability to generate future profitability. Adjusted EBITDA and Divisional EBITDA allow us to evaluate the results of our principal business activities prior to consideration of how those activities are financed and the impacts of foreign exchange, taxation, depreciation and amortization, and other non-cash charges that add volatility to our financial results (such as impairment expenses, share-based compensation, and other transactions that are non-recurring in nature). Management utilizes Adjusted EBITDA to set objectives and as a key performance indicator of our Company's success.

The presentation of Adjusted EBITDA and Divisional EBITDA should not be construed as an inference that future results will be unaffected by unusual or non-recurring items. Adjusted EBITDA should not be considered a measure of discretionary cash available for the return of capital to debt and equity stakeholders and to invest in the business.

Adjusted EBITDA Margin is defined as Adjusted EBITDA divided by revenue (excluding energy marketing). Divisional EBITDA Margin is defined as Divisional EBITDA divided by the respective segment's revenue (excluding energy marketing).

For the three months ended March 31, Adjusted EBITDA and Divisional EBITDA were reconciled to net profit (loss) as follows:

	Three Months Ended March 31	
	2020	2019
Net profit (loss)	**(42)**	(3)
Add back:		
Depreciation and amortization	**29**	34
Restructuring costs	**8**	2
Impairment expense (reversal)	**17**	(3)
Finance costs	**21**	22
Transaction costs	**—**	2
Other expense (income)	**21**	2
Income tax expense (recovery)	**(1)**	—
Adjusted EBITDA	**53**	56
Add back:		
G&A expenses	**12**	14
Divisional EBITDA	**65**	70
Divisional EBITDA by reportable segment		
Energy Services	**59**	58
Industrial Services	**6**	12
Adjusted EBITDA Margin	***30 %***	*30 %*
Divisional EBITDA Margin		
Energy Services	***52 %***	*50 %*
Industrial Services	***10 %***	*18 %*

DISCRETIONARY FREE CASH FLOW

We use a calculation of Discretionary Free Cash Flow to determine how much cash generated from operating activities is available for growth and expansion, debt reduction, or return of capital to our shareholders. Discretionary Free Cash Flow is defined as funds from operations, less cash spent on maintenance capital and payment of principal portion of lease liabilities, plus cash proceeds on the sale of long-lived assets and sublease payments received.

For the three months ended March 31, Discretionary Free Cash Flow was as follows:

	Three Months Ended March 31	
	2020	2019
Funds from (used in) operations	**36**	42
Less:		
Cash spend on maintenance capital	**(10)**	(5)
Payment of principal portion of lease liabilities	**(4)**	(4)
Add:		
Proceeds on disposition of long-lived assets	**2**	—
Sublease payments received	**1**	1
Discretionary Free Cash Flow	**25**	34

NET DEBT TO ADJUSTED EBITDA (LTM)

We monitor our Net Debt to Adjusted EBITDA (LTM) as a measure of Tervita's overall indebtedness and capital structure. We believe Net Debt to Adjusted EBITDA (LTM) is a measure of our debt capacity. Net Debt is calculated as debt, net of unamortized premium and debt costs, and derivative assets and liabilities associated with that debt less cash and cash equivalents. For the purposes of this calculation, Adjusted EBITDA (LTM) is defined as Adjusted EBITDA calculated for the last twelve months.

Tervita's Net Debt to Adjusted EBITDA (LTM) at March 31, 2020 was as follows:

	LTM March 31 2020
Net profit (loss)	**(155)**
Add back:	
Depreciation and amortization	**133**
Restructuring costs	**12**
Impairment expense (reversal)	**140**
Finance costs	**91**
Transaction costs	**6**
Other expense (income)	**18**
Income taxes expense (recovery)	**(15)**
Adjusted EBITDA (LTM)	**230**

	As at March 31 2020
Senior secured notes	**823**
Draw on credit facility	**15**
Derivative liabilities (assets)	**(31)**
Less: unrestricted cash and cash equivalents	**(32)**
Net Debt	**775**
Net Debt to Adjusted EBITDA (LTM)	***3.37***

COVENANT EBITDA

The terms of our credit facility require the Company to comply with certain financial and non-financial covenants, as defined by our lenders. Covenant EBITDA is defined as Adjusted EBITDA (LTM) excluding the Adjusted EBITDA (LTM) of our unrestricted subsidiary and the impact of any changes in GAAP subsequent to the date of the credit agreement (refer to Impact of New Accounting Standards in the Other Items section in the Annual MD&A for information regarding changes in GAAP).

Tervita's Covenant EBITDA at March 31, 2020 was as follows:

	LTM March 31 2020
Net profit (loss)	(155)
Add back:	
Depreciation and amortization	133
Restructuring costs	12
Impairment expense (reversal)	140
Finance costs	91
Transaction costs	6
Other expense (income)	18
Income taxes expense (recovery)	(15)
Eligible adjustments:	
Adjusted EBITDA of unrestricted subsidiaries	(2)
Impact of new accounting standards (IFRS 16)	(11)
Covenant EBITDA	217

FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements and forward-looking information (collectively referred to herein as "forward-looking statements") within the meaning of securities legislation. Such forward-looking statements include, without limitation, forecasts, estimates, expectations and objectives for future operations that are subject to assumptions, risks and uncertainties, many of which are beyond the control of Tervita. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential" and similar expressions, or are events or conditions that "will", "would", "may", "could" or "should" occur or be achieved. These statements are not guarantees of future performance and are subject to risks, uncertainties and other key factors that could cause actual results or events to be materially different from those anticipated in such forward-looking statements.

Specific forward-looking statements contained in this MD&A include, amongst others, statements and management's beliefs, expectations or intentions regarding the following:

- all statements regarding Tervita's 2020 capital plan;
- Tervita's expectations regarding the decline in drilling activity and customer activity in Q2 2020 and the second half of 2020;
- Tervita's expectations regarding the recovery of production activity in the WCSB;
- Tervita's expectations and beliefs regarding its ability to recover from the current economic and operating conditions, in particular its Industrial Services segment;
- Tervita's expectations regarding its access to government assistance programs and the fund to accelerate OWA;
- Tervita's expectations regarding its mitigation actions and cost reductions;
- Tervita's expectations regarding its ability to continue to exercise financial discipline;
- cash generated from operations, asset sales and amounts available under the credit facility will be adequate to permit Tervita to meet its debt service obligations, ongoing costs of operations, working capital needs, and capital expenditure requirements;
- liquidity, sources and uses of cash, and off-balance sheet arrangements; and
- Tervita's business strategies and objectives.

Forward-looking statements relating to our business contain uncertainties and assumptions, including the following:

- current economic and operating conditions, including commodity prices, interest rates, and environmental and regulatory matters;
- the ability of Tervita's customers to recover from the current economic and operating conditions;
- the ability of Tervita to access government assistance programs and the fund to accelerate OWA;
- the ability of Tervita to execute on cost savings measures;
- the ability of Tervita to execute on its business continuity plan in connection with the COVID-19 pandemic;
- Tervita's ability to maintain sufficient liquidity in the current ever-changing economic and operating conditions;
- the ability of Tervita to obtain equipment, services, supplies and personnel to carry out its business activities;
- the ability of Tervita to successfully market its business in the areas in which it operates;
- that Tervita's current business environment will remain substantially unchanged;
- Tervita's ability to secure financing on acceptable terms, if needed;
- demand for services in Tervita's businesses can be adversely impacted by general economic conditions and Tervita is dependent on exploration, drilling and production activity levels in the markets where Tervita offers its services;
- risks related to limited pipeline capacity;
- the ability of management to execute its business plan;
- the risks of the environmental solutions industry, such as operational risks and market demand;
- risks inherent in Tervita's marketing operations, including credit risk;
- the uncertainty of estimates and projections relating to revenues, costs, expenses and capital expenditures;
- fluctuations in fuel, raw material costs, oil and natural gas prices, commodity prices, foreign currency exchange rates and interest rates;
- health, safety and environmental risks;
- uncertainties as to the availability and cost of financing;
- general economic conditions in Canada, the United States, and globally;
- industry conditions;
- the possibility that government policies or laws may change or governmental approvals may be delayed or withheld;
- governmental regulation of the environmental solutions industry, including environmental regulation;
- unanticipated operating events;
- failure to obtain third-party consents and approvals, when required;
- risks associated with existing and potential future lawsuits and regulatory actions against Tervita;
- the highly competitive nature of Tervita's markets, and competition that could adversely impact Tervita's financial position, results of operations, cash flows or its ability to make required payments on debt outstanding;
- global financial conditions are subject to increased volatility;
- legislative and regulatory initiatives related to hydraulic fracturing that could result in increased costs and additional operating restrictions or delays as well as adversely affect Tervita's support services;
- increasing concern regarding earthquake activity connected to oil/gas production and waste disposal

wells could adversely affect Tervita's business;

- successful implementation of Tervita's investment and acquisition strategy;
- the difficulty of identifying and executing acquisitions on favorable terms, including successfully integrating businesses Tervita acquires, and its significant exposure from unknown liabilities related to Tervita's acquisitions;
- susceptibility to seasonality due to adverse weather conditions;
- risks related to transportation of petroleum products and waste water;
- risks related to any change in provincial royalty rates;
- risks related to First Nations consultation and claims and its effect on Tervita's ability to secure locations for capital projects and ability to operate;
- risks related to changes in industry practices related to crude oil equalization and declines in oil prices that may affect Tervita's energy marketing business;
- risk of implementation of controls or tariffs on competitor-owned pipelines which impede Tervita's ability to physically or economically access the pipelines that may affect its energy marketing business;
- Tervita's operations being subject to numerous natural disasters and operating hazards and the lack of assurance that such events will be covered by insurance or whether any such insurance coverage would be adequate;
- uncertainty around the impact of the US-Mexico-Canada agreement on Tervita's business;
- potential impairment losses in respect of Tervita's physical assets from reduced industry activity and a sustained decline in demand for services involving such assets;
- fluctuations in supply and demand for scrap metal prices;
- Tervita's ability to attract and retain qualified workers;
- dependence on Tervita's senior management, the loss of which could materially harm its business;
- obligation to comply with health and safety regulations at Tervita's facilities and its operations, the failure of which could result in significant liability and/or fines and penalties;
- failure by Tervita's employees to follow applicable procedures and guidelines or on-site accidents;
- deterioration in Tervita's safety record would harm its relationships with customers, make it less likely for customers to contract for its services and subject it to penalties and fines, which could adversely affect Tervita's business, operating results and financial condition;
- Tervita's obligation to comply with US, federal, state and local environmental laws and results;
- the inability of counterparties or customers to fulfill their obligation to Tervita;
- technology Tervita uses in its business is increasingly subject to protection by intellectual property rights;
- technology Tervita uses in its business is subject to security threats;Tervita's confidential information may be exposed due to third parties or technical malfunctions; and Tervita's ability to only provide reasonable assurance of its DC&P and its ICFR;
- Tervita's operational dependence on certain of its joint venture arrangements;
- the impact of pending and future legal proceedings on Tervita's business;
- the impact of environmental activism on Tervita's business;
- the impact of climate change and alternative energy sources on Tervita's business;
- possible conflict of interest between Tervita's major shareholders and Tervita's other shareholders;
- possible conflict of interest of Tervita's directors and officers.
- the possible effect of public health crises on Tervita's business; and
- Tervita's TRD facilities, cavern disposal facilities and engineered landfill operations could be adversely affected by more stringent closure and post-closure obligations and a variety of other risks.

For a more detailed discussion of risks relating to Tervita, see our most recent AIF dated March 8, 2020. These factors should not be construed as exhaustive. The forward-looking statements included in this MD&A are made only as of the date hereof and Tervita does not undertake to publicly update these forward-looking statements for new information, future events, or otherwise, except as required by applicable laws. Any forward-looking statements contained herein are expressly qualified by this cautionary statement.

The financial outlook set forth in this MD&A was approved by management as of the date of this MD&A to provide investors with an estimation of the outlook for Tervita for 2020 and onwards, where applicable, and readers are cautioned that any such financial outlook contained herein should not be used for purposes other than those for which it is disclosed herein. The prospective financial information set forth in this MD&A has been prepared by management. Tervita's management believes that the prospective financial information has been prepared on a reasonable basis, reflecting management's best estimates and judgements, and represents, to the best of management's knowledge and opinion, Tervita's expected course of action in developing and executing its business strategy and growth opportunities relating to its business operations. However, actual results may vary from the prospective financial information set forth in this MD&A. See above for a discussion of the risks that could cause actual results to vary. The prospective financial information set forth in this MD&A should not be relied on as necessarily indicative of future results.

Tervita announced a reduction of its 2020 capital budget to $60 million, a reduction of 29% from its previously announced budget of $85 million, in a press release dated March 31, 2020, which press release is available on our profile on SEDAR, available at www.sedar.com and on our website, www.tervita.com.

For additional information relating to Tervita, including our AIF, please see our profile on SEDAR, available at www.sedar.com.