



## **Casella Waste Systems Announces Fourth Quarter and Fiscal 2003 Results; Provides Fiscal Year 2004 Guidance**

RUTLAND, VERMONT (July 23, 2003)—Casella Waste Systems, Inc. (Nasdaq: CWST), a regional, non-hazardous solid waste services company, today reported financial results for the fourth quarter and its 2003 fiscal year, and gave guidance on its expected performance for its 2004 fiscal year.

### **Fourth Quarter and Fiscal 2003 Results**

For the quarter ended April 30, 2003, the company reported revenues of \$94.5 million. The company's net loss per common share from continuing operations was \$0.13. Operating income for the quarter was \$250,000. The company's earnings before interest, taxes, depreciation and amortization (EBITDA), and an impairment charge, were \$17.1 million\*.

The company's fourth quarter results include a one-time impairment charge arising from the sale of the company's Passaic, N.J. brokerage and commercial recycling businesses as well as the reclassification of the commercial recycling business from a discontinued operation to a continuing operation. The impact of the impairment charge on an earnings per share (EPS) basis is \$0.16.

For the fiscal year ended April 30, 2003, the company reported revenues of \$420.9 million. The fiscal year net income per common share from continuing operations was \$0.13. Operating income for the year was \$34.0 million. EBITDA for the twelve-month period was \$86.7 million\*.

The company's twelve-month net income reflects a charge of \$63.9 million from a change in accounting principle following the company's adoption of SFAS 142.

The company also announced that cash provided by operating activities for fiscal year 2003 was \$65.0 million, and that the company had generated \$24.3 million of free cash flow for fiscal year 2003\*; as of April 30, 2003, the company had cash on hand of \$15.7 million, and had an outstanding total debt level of \$310.2 million.

### **\*Non-GAAP Financial Measures**

In addition to disclosing financial results prepared in accordance with Generally Accepted Accounting Principles (GAAP), we also disclose free cash flow and EBITDA (earnings before interest, taxes, depreciation and amortization, impairment charge, and in 2002, restructuring charge) which are non-GAAP measures.

These measures are provided because we understand that certain investors use this information when analyzing the financial position and operating performance of the solid waste industry, including us. Historically, these measures have been key in comparing operating efficiency by each public company within the industry, and assist investors in measuring our ability to meet capital expenditure and working capital requirements. For these reasons we utilize these metrics to measure our performance at all levels. These measures do not represent, and should not be considered as alternatives to operating income or cash provided by operating activities as determined in accordance with GAAP. Moreover, these measures do not necessarily indicate whether cash flow will be sufficient for such items as working capital or capital expenditures, or to react to changes in our industry or to the economy generally. Because these measures are not calculated by all companies in the same fashion, they may not be comparable to similarly titled measures reported by other companies.

More detailed financial results are contained in the tables accompanying this release.

### **Company Well-Positioned**

"Quarter after quarter over the past year was marked by the company's very deliberate return to a growth strategy," John W. Casella, chairman and chief executive officer, said. "We have positioned this company well to capitalize on emerging opportunities:

- "we implemented a new capital structure to execute our growth plan;
- "we have pursued and completed the addition of disposal capacity in our core solid waste markets;
- "we continue to identify and execute on tuck-in acquisitions that strengthen our market leadership and densify our

- existing franchise; and
- "we have aggressively implemented continuous improvement programs in every corner of our business, for every asset we own."

## **2001 Reaudit**

PricewaterhouseCoopers has completed its reaudit of the company's fiscal year 2001. The company expects no changes to the net income previously reported. Following the requirements of SFAS 144, the results of the Passaic operations have been reclassified from discontinued operations to continuing operations both in fiscal year 2001 and the following years.

## **Fiscal 2004 Outlook**

The company also announced its guidance for its fiscal year 2004, which began May 1, 2003. For the fiscal year 2004, the company believes that its results will be in the following ranges:

- Revenues between \$395 million and \$415 million, reflecting the sale of the company's commodities brokerage businesses(\$35 million included in 2003 revenues);
- EBITDA\* between \$90 million and \$94 million (operating income between \$35 million and \$39 million); and
- Capital expenditures between \$43 million and \$46 million.

The company said the following assumptions are built into its fiscal year 2004 outlook:

- No improvement in the health of the national and regional economy;
- Flat volume growth;
- Price growth in the core solid waste business of one percent;
- Lower average commodity prices; and
- No major acquisitions; projections include primarily tuck-in acquisitions adding only \$1 million in EBITDA in fiscal year 2004

## **Company Acquires Additional Disposal Capacity in Eastern Region**

The company also announced that it has entered into a twenty-year service agreement with the Town of Templeton, Massachusetts to construct and operate a new Subtitle D landfill.

"This is a successful execution of our partnership model, under which we develop disposal capacity in cooperation with a municipal government," John Casella said. "Our agreement with the town provides for us to engineer, construct, operate and maintain this facility as a regional resource and the town, in addition to accruing various host community benefits, will provide support during the permitting process at each stage of the landfill's development."

The company said it expected the facility to be permitted within a year to accept initially approximately 500 tons per day of municipal solid waste; operation of the facility is expected to commence in the middle of calendar year 2004. Development plans call for a facility with an initial design capacity of 2.5 million cubic yards and an expected operating life of at least 20 years, the company said.

## **Commodities Brokerage Divested**

The company provided details on the sale of its non-core recycled commodities brokerage and commercial recycling businesses located in Passaic, New Jersey; this transaction was announced in early-June.

The company said the businesses were sold to a group of employees who had been responsible for the operation of the business in exchange for notes receivable amounting to approximately \$5 million, payable only out of the cash flow of the transferred business.

In connection with the sale of the businesses, the company said it was taking an impairment charge of \$4.9 million, which includes a reclassification adjustment.

This divestiture reduces the company's annual revenue by approximately \$18 million; combined with the previous sale of the company's export brokerage business earlier this year, the company's 2003 revenue from the divested brokerage businesses totaled approximately \$35 million with an operating loss of approximately \$100,000 including depreciation of approximately \$125,000.

Casella Waste Systems, headquartered in Rutland, Vermont, provides collection, transfer, disposal and recycling services

primarily in the northeastern United States.

For further information, contact Richard Norris, chief financial officer; or Joseph Fusco, vice president; at (802) 775-0325, or visit the company's website at <http://www.casella.com>.

The company will host a conference call to discuss these results on Thursday, July 24, 2003 at 10:00 a.m. EDT. Individuals interested in participating in the call should dial 719-457-2628 at least 10 minutes before start time. The call will also be webcast; to listen, participants should visit Casella Waste Systems' website at <http://www.casella.com> and follow the appropriate link to the webcast. A replay of the call will be available by calling 719-457-0820 (conference code #734114) before 11:59 p.m. EDT, Thursday, July 31, 2003, or by visiting the company's website.

### **Safe Harbor Statement**

Certain matters discussed in this press release are "forward-looking statements" intended to qualify for the safe harbors from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements can generally be identified as such by the context of the statements, including words such as the Company "believes," "anticipates," "expects" or words of similar import. Similarly, statements that describe the Company's future plans, objectives or goals are forward-looking statements. Such forward-looking statements, and all phases of our operations, involve a number of risks and uncertainties, any one or more of which could cause actual results to differ materially from those described in our forward-looking statements. Such risks and uncertainties include or relate to, among other things: we may be unable to make acquisitions and otherwise develop additional disposal capacity; continuing weakness in general economic conditions may affect our revenues; and fluctuations in the commodity pricing of our recyclables may make it more difficult for us to predict our results of operations. Other factors which could materially affect such forward-looking statements can be found in our periodic reports filed with the Securities and Exchange Commission, including certain factors which could affect future operating results detailed in the Management's Discussion and Analysis section in our Form 10-K for the fiscal year ended April 30, 2002 and our Form 10-K for the fiscal year ended April 30, 2003, and in our most recently-filed Form 10-Q.

(view complete release for tables and financial information, or click on icons, right)

[Download tables](#) (.xls)