



Casella Waste Systems, Inc. Announces Fourth Quarter And Fiscal 2005 Results; Provides Fiscal Year 2006 Guidance

RUTLAND, VERMONT (June 22, 2005)-Casella Waste Systems, Inc. (Nasdaq: CWST), a regional, non-hazardous solid waste services company, today reported financial results for the fourth quarter and its 2005 fiscal year, and gave guidance on its expected performance for its 2006 fiscal year.

Fourth Quarter Results

For the quarter ended April 30, 2005, the company reported revenues of \$115.8 million. The company's net loss per common share was \$0.05. The earnings per share (EPS) result includes a pre-tax charge of \$1.7 million related to deferred financing costs; without this charge, EPS would have amounted to a loss of \$0.01. Operating income for the quarter was \$8.5 million. Cash provided by operating activities in the quarter was \$21.0 million. The company's earnings before interest, taxes, depreciation and amortization (EBITDA*) were \$23.0 million, a six percent increase over the same quarter last year.

Fiscal 2005 Results

For the fiscal year ended April 30, 2005, the company reported revenues of \$482.0 million. The fiscal year net income per common share was \$0.16; excluding the loss on debt extinguishment and deferred costs, the company's fiscal year 2005 EPS would have been \$0.20. Operating income for the year was \$41.4 million. The company's earnings before interest, taxes, depreciation and amortization (EBITDA), and before deferred costs, for the twelve-month period were \$107.4 million, a 14 percent increase over the previous fiscal year.

The company also announced that cash provided by operating activities for fiscal year 2005 was \$83.0 million, and that the company had generated \$0.3 million of free cash flow* for fiscal year 2005; as of April 30, 2005, the company had cash on hand of \$8.6 million, and had an outstanding total debt level of \$375.4 million.

"We continue to deliver solid EBITDA growth, operating margin improvement, and internalization rate improvement," John W. Casella, chairman and CEO of Casella Waste Systems, said. "More importantly, we have been successful in aggressively pursuing and developing disposal capacity, giving us the potential to create significant long-term value.

"Our success on the landfill and disposal side of the business has, naturally, effected our short-term free cash flow generation as we make the necessary investments in developing this capacity," Casella said. "Once these up-front investments are made in a landfill, our historical performance has shown that the landfill generates significant EBITDA and free cash flow, and we expect this pattern to continue."

"And, given that we are doing the necessary work (and making the necessary investment) to apply that same model to our newer facilities, the potential for long-term value creation is obvious," Casella said.

Comparison of Fiscal 2005 and 2004

Revenues increased \$44.0 million, or 10.0 percent, to \$482.0 million in fiscal year 2005 from \$438.0 million in fiscal year 2004. Revenues from the rollover effect of acquired businesses accounted for \$23.7 million of the increase, primarily due to new disposal facilities in the Western and South Eastern regions (the Ontario and Southbridge landfills), as well as a new recycling facility in the South Eastern region, all of which became active in the third and fourth quarters of fiscal 2004, partially offset by the loss of revenues from the divestiture of the domestic brokerage business amounting to \$3.3 million. The revenue increase is also attributable to an increase in solid waste revenues of \$14.5 million, due primarily to higher hauling and transfer volumes in the Central Region, higher composting volumes in the North Eastern region and higher commodity prices which resulted in an increase in recycling revenues of \$9.1 million. Cost of operations increased \$25.1 million, or 8.8 percent, to \$310.9 million in fiscal year 2005 from \$285.8 million in fiscal year 2004. Cost of operations as a percentage of revenues decreased to 64.5 percent for the fiscal year 2005, from 65.3 percent in the prior year primarily due to the effect of lower disposal costs as a percentage of revenue resulting from the impact of the activation of new disposal capacity. The dollar increase in cost of operations expense for fiscal year 2005 is primarily due to the effect of higher levels of operating activity and acquired businesses, higher cost of commodity purchases due to higher prices, higher transportation costs as well as higher fuel costs. General and administration expenses increased \$5.5 million, or 9.5 percent, to \$63.7 million in fiscal year 2005 from \$58.2 million in fiscal year 2004. General and administration expenses as a percentage of revenues remained unchanged in fiscal year 2005 compared to fiscal year 2004. The dollar increase in general and administration expense was due to higher bonus

accruals, communications and training costs as well as expenses related to compliance with the Sarbanes Oxley Act.

***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 earnings before interest, taxes, depreciation and amortization (EBITDA) and deferred costs and impairment charge, which are non-GAAP measures.

These measures are provided because we understand that certain investors use this information when analyzing the financial position of the solid waste industry, including us. Historically, these measures have been key in comparing operating efficiency of publicly traded companies in the solid waste industry, and assist investors in measuring our ability to meet capital expenditure and working capital requirements. For these reasons we utilize these non-GAAP metrics to measure our performance at all levels. These measures do not represent, and should not be considered as alternatives to 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.

2005 Highlights

"When viewed through the lenses of both long-term strategic goals and daily operational excellence, 2005 was a terrific year," Casella said. "We continued to deliver our financial performance goals as well:

- "EBITDA growth was slightly over 14 percent year-over-year;
- "our operating margin improved 80 basis points year-over-year;
- "our internalization rate is up 360 basis points year-over-year;
- "we continued to grow internal disposal capacity with several permit expansions this year, most notably at our Waste USA facility in Coventry, Vt.;
- "our public-private partnership model continues to prove attractive, as we were recently chosen as the preferred vendor to enter negotiations for the operation of Chemung County, N.Y.'s landfill; and
- our total companywide disposal capacity has grown from 29.6 million tons at April 30, 2003 to 81.7 million tons at the end of fiscal 2005."

Fiscal 2006 Outlook

The company also announced its guidance for its fiscal year 2006, which began May 1, 2005.

For the fiscal year 2006, the company believes that its results will be approximately in the following ranges:

- Revenues between \$500.0 million and \$520.0 million;
- EBITDA between \$112.0 million and \$116.0 million;
- Non-growth maintenance capital expenditures between \$57.0 million and \$61.0 million; facility capital expenditures of \$6.0 million; and landfill development capital expenditures of \$32.0 million (in conjunction with the addition of 52 million tons of total companywide disposal capacity since year-end 2003), for a total of expected capital expenditures between \$95.0 million and \$99.0 million; and
- Free cash flow between \$(13.0) million and \$(9.0) million.

The company said the following assumptions are built into its fiscal year 2006 outlook:

- No material change in the health of the regional economy;
- In the solid waste business, price growth of 2.1 percent; FCR price growth is expected to be flat; and
- No major acquisitions

The EBITDA forecast is based on estimated projections of cash provided by operating activities of \$84.0 million to \$88.0 million, interest expense of approximately \$33.0 million, depletion of landfill operating leases of \$5.5 million, cash taxes of \$1.6 million, and positive changes in other assets and liabilities of \$1.1 million. Free cash flow of \$(13.0) million to \$(9.0) million is based on cash provided by operating activities of \$84.0 million to \$88.0 million, less estimated maintenance capital expenditures of \$57.0 million to \$61.0 million, facility capital expenditures of \$6.0 million and growth capital expenditures of \$32.0 million, and other balance sheet changes.

Casella Waste Systems, headquartered in Rutland, Vermont, provides solid waste management services consisting of collection, transfer, disposal and recycling services primarily in the eastern 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, June 23, 2005 at 10:00 a.m. ET. Individuals interested in participating in the call should dial (719) 457-2657 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 #9804447) before 11:59 p.m. ET, Thursday, June 30, 2005, 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; we may be required to incur capital expenditures in excess of our estimates; 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, 2004 and in our form 10-Q for the fiscal quarter ended January 31, 2005.

