

Casella Waste Systems, Inc., Aiming to Drive Greater Utilization of its Existing Recycling Assets, Announces Acquisition of Blue Mountain Recycling, LLC


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RUTLAND, Vt., Sept. 19 /PRNewswire-FirstCall/ -- Casella Waste Systems, Inc. (Nasdaq: [CWST](#)), a regional, non-hazardous solid waste services company, today announced the acquisition of Philadelphia-based Blue Mountain Recycling, LLC. Blue Mountain Recycling, which has single stream processing facilities in Philadelphia and Montgomeryville, Pennsylvania, has a long-term, exclusive processing partnership and strategic alliance with RecycleBank LLC, an innovative, incentive-based recycling service that gives homeowners credits for recycling which can be used with participating merchants.

As part of the agreement, RecycleBank LLC has agreed to extend their processing agreement and strategic relationship with Blue Mountain Recycling to Casella Waste Systems.

Casella Waste Systems believes the transaction gives it a strategic opportunity to increase the utilization of its network of recycling assets, as well as provide a significant marketing advantage in providing services to municipalities and developing solid waste management infrastructure through public/private partnerships.

"This transaction is a great example of the execution of our strategic goals of sustainability -- making recycling more sustainable economically for both customers and providers of services, and for driving significantly greater utilization of the company's recycling assets," John W. Casella, chairman and chief executive officer of Casella Waste Systems, said.

Casella Waste Systems purchased the equity of Blue Mountain Recycling, LLC. The transaction included \$15 million in initial consideration; total consideration will be based on the attainment of targeted levels of EBITDA and free cash flows and the accomplishment of certain strategic initiatives over the next few years. For the remainder of Casella Waste Systems' fiscal year, Blue Mountain Recycling is projecting EBITDA* of \$1.7 million.

RecycleBank is a recycling services company that uses incentive-based recycling to increase diversion and participation rates in residential recycling. Through an innovative use of technologies, RecycleBank measures homeowner recycling rates with radio frequency identification, or RFID, which it then credits to the homeowner who can use the credits with local and national vendors. Current marketing partners providing rewards and incentives to customers include The Home Depot, Starbucks, Coca-Cola, FedEx Kinko's, Rite Aid, and Whole Foods Market.

In markets where RecycleBank is providing services, household recycling participation rates have increased to as much as 85 percent.

"We believe Blue Mountain's and RecycleBank's platform, combined with our existing recycling infrastructure, represents several unique short- and long-term opportunities," Casella said. "First, there is an opportunity to increase the volume of processables in our markets, resulting in a significant return on net assets and capacity utilization increases at our existing facilities. It also allows us to potentially extend the utilization of our valuable long-term disposal capacity."

"Second, our ability to deliver recycling services that are economically and environmentally sustainable gives us a significant marketing advantage with local and state governments throughout our region, both as a provider of

the entire range of solid waste services and as a partner in the development of municipal solid waste infrastructure, including long-term disposal capacity," Casella said.

"And lastly, this provides us with the opportunity to couple this capability with our strategic growth plan, and wield a compelling advantage when pursuing new market entry opportunities."

The acquisition and agreement provides Casella Waste Systems with exclusive processing rights to RecycleBank material anywhere in North America, as well as co-marketing rights.

Blue Mountain Recycling recorded revenues of \$5.1 million for the six months ended June 30, 2005 and EBITDA* of \$1.3 million, representing an EBITDA margin of nearly 25 percent.

Blue Mountain Recycling's current management team will be joining Casella Waste Systems and will remain in place, with responsibility to operate and grow that segment of the business, the company said.

The transaction was effective September 19, 2005.

Casella Waste Systems, headquartered in Rutland, Vermont, provides collection, transfer, disposal and recycling services primarily in the northeastern United States.

*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), 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.

For further information about this transaction, or about the company, 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>.

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: recycling diversion rates may not increase as predicted as a result of the Blue Mountain acquisition; we may be unable to make acquisitions and otherwise develop additional disposal capacity; continuing weakness in general economic conditions may affect our revenues; increasing fuel costs may affect our cost of operations; 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, 2005.

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Web Site: <http://www.casella.com>

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