



## **Casella Waste Systems, Inc. Announces Fourth Quarter And Fiscal 2006 Results; Provides Fiscal Year 2007 Guidance**

RUTLAND, VERMONT (June 19, 2006)-Casella Waste Systems, Inc. (Nasdaq: CWST), a regional, non-hazardous solid waste services company, today reported financial results for the fourth quarter and its 2006 fiscal year, and gave guidance on its expected performance for its 2007 fiscal year.

### **Fourth Quarter Results**

For the quarter ended April 30, 2006, the company reported revenues of \$126.5 million, up \$10.7 million or 9.2 percent over the same quarter last year. The company's earnings per common share were \$0.07, versus a net loss per share of \$0.05 in the same quarter last year. The earnings per share (EPS) result reflects a decrease in the company's tax rate versus the prior quarter, mainly due to a reversal of valuation allowances. The favorable impact to EPS of this change was \$0.05 per share. Operating income for the quarter was \$9.6 million, versus \$8.5 million in the fourth quarter last year, an increase of 12.9 percent. Cash provided by operating activities in the quarter was \$12.6 million. The company's earnings before interest, taxes, depreciation and amortization (EBITDA\*) were \$24.6 million, a seven percent increase over the same quarter last year.

### **Fiscal 2006 Results**

For the fiscal year ended April 30, 2006, the company reported revenues of \$525.9 million, up \$44.0 million or 9.1 percent over fiscal year 2005. The fiscal year earnings per common share were \$0.30 versus \$0.16 in the previous fiscal year. Operating income for the year was \$42.3 million versus \$41.4 million for fiscal year 2005. The company's earnings before interest, taxes, depreciation and amortization (EBITDA) for the twelve-month period were \$108.3 million.

The company also announced that cash provided by operating activities for fiscal year 2006 was \$75.1 million, and that the company's free cash flow\* for fiscal year 2006 was (\$40.3) million; as of April 30, 2006, the company had cash on hand of \$7.5 million, and had an outstanding total debt level of \$451.1 million.

"We continue to make progress on our short- and long-term strategic development and operational goals," John W. Casella, chairman and CEO of Casella Waste Systems, said. "All areas of our business are benefiting from a strong focus on continuous improvement, innovation and operational excellence."

"Our pricing environment is strong," Casella said. "While volumes have reflected a traditional seasonal uptick, however, they are not as strong as we would have expected."

### **Comparison of Fiscal 2006 and 2005**

Revenues from acquired businesses accounted for \$18.8 million of the \$44.0 million increase year over year; primarily, the revenue increase came from the acquisition of Chemung County landfill; Blue Mountain Recycling; the Worcester, Mass. landfill project; and the Colebrook landfill project, offset by a \$1.2 million reduction attributable to the transfer of a Canadian recycling operation. Solid waste revenues increased \$24.3 million. Recycling revenues were up \$2.1 million, mainly from increased volumes.

Cost of operations increased \$37.6 million to \$348.5 million in fiscal year 2006 from \$310.9 million in fiscal year 2005. Cost of operations as a percentage of revenues increased to 66.3 percent for the fiscal year 2006, from 64.5 percent in the prior year. The percent increase in cost of operations expense for fiscal year 2006 is primarily due to higher fuel and transportation costs, and the higher than expected costs associated with the wood chip obligation at the Juniper Ridge Landfill (West Old Town).

General and administration expenses increased \$5.4 million to \$69.1 million in fiscal year 2006 from \$63.7 million in fiscal year 2005. General and administration expenses as a percentage of revenues remained unchanged in fiscal year 2006 compared to fiscal year 2005.

### **\*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.

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

## **2006 Highlights**

"Our continued progress in developing disposal capacity was certainly a highlight of the year once again," Casella said. "We did face some headwinds, however; specifically, the timing of our Colebrook, N.H. and Worcester, Mass. landfill projects. Colebrook is now operating at full capacity, and Worcester is ramping up.

"Looking at fiscal year 2006 overall:

- "our internalization rate rose 210 basis points year-over-year to 56.6 percent;
- "total company-wide permitted and permittable disposal capacity is now at 86.7 million tons, up from 29.6 million tons at the end of fiscal 2003;
- "company-wide annual disposal in our landfills was 2.9 million tons in fiscal 2006, up from just 1.8 million tons in fiscal 2004;
- "we acquired 15 solid waste collection and recycling companies in fiscal 2006; and
- "EBITDA\* at our Greenfiber joint venture grew 64.9 percent. Greenfiber's cash flow from operations grew 93.3 percent, due to a strong pricing environment, higher margin products, and our acquisition program."

## **Fiscal 2007 Outlook**

The company also announced its guidance for its fiscal year 2007, which began May 1, 2006. For the fiscal year 2007, the company believes that its results will be approximately in the following ranges:

- Revenues between \$530.0 million and \$560.0 million;
- EBITDA\* between \$115.0 million and \$119.0 million;
- Capital expenditures between \$108.0 million and \$112.0 million; and
- Free cash flow between \$(30.0) million and \$(22.0) million.

The company said the following assumptions are built into its fiscal year 2007 outlook:

- No material change in the health of the regional economy;
- In the solid waste business, price growth of 3.0 percent; FCR pricing is projected to decline 2.6 percent; and
- No major acquisitions

The EBITDA forecast is based on estimated projections of cash provided by operating activities of \$80.0 million to \$84.0 million, interest expense of approximately \$39.5 million, depletion of landfill operating leases of \$8.0 million, cash taxes of \$2.5 million, and positive changes in other assets and liabilities of \$6.0 million. Free cash flow of \$(30.0) million to \$(22.0) million is based on cash provided by operating activities of \$80.0 million to \$84.0 million, less estimated maintenance capital expenditures of \$64.0 million, growth capital expenditures of \$44.0 to \$48.0 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 Tuesday, June 20, 2006 at 10:00 a.m. ET. Individuals interested in participating in the call should dial (719) 457-2629 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 #4579213) before 11:59 p.m. ET, Tuesday, June 27, 2006, 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, 2005 and in our form 10-Q for the fiscal quarter ended January 31, 2006.

