
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON D.C. 20549

FORM 8-K

CURRENT REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): **March 9, 2005**

Casella Waste Systems, Inc.

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

000-23211
(Commission
File Number)

03-0338873
(I.R.S. Employer
Identification No.)

25 Greens Hill Lane
Rutland, Vermont
(Address of Principal Executive Offices)

05701
(Zip Code)

Registrant's telephone number, including area code: **(802) 775-0325**

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02. Results of Operations and Financial Condition.

On March 9, 2005, Casella Waste Systems, Inc. announced its financial results for the third quarter of fiscal 2005, ended January 31, 2005. The full text of the press release issued in connection with the announcement is attached as Exhibit 99.1 to this Current Report on Form 8-K.

The information in this Form 8-K and the Exhibit attached hereto shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statements and Exhibits

(c) Exhibits

The following exhibit relating to Item 2.02 shall be deemed to be furnished, and not filed:

99.1 Press release dated March 9, 2005.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

Date: March 9, 2005

CASELLA WASTE SYSTEMS, INC.

By: /s/ Richard A. Norris
Richard A. Norris
Chief Financial Officer

Exhibit Index

Exhibit No.

Description

99.1

Press release dated March 9, 2005.

Casella Waste Systems, Inc. Reports Third Quarter Fiscal Year 2005 Results

RUTLAND, VERMONT (March 9, 2005) – Casella Waste Systems, Inc. (NASDAQ: CWST), a regional, non-hazardous solid waste services company, today reported financial results for the third quarter of its 2005 fiscal year.

For the quarter ended January 31, 2005, the company reported revenues of \$116.1 million, an 11.5% increase from \$104.1 million in the same period of fiscal year 2004. Net income per common share was \$0.02. Operating income for the third quarter 2005 increased to \$7.6 million compared to \$7.4 million in the third quarter 2004. Cash provided by operating activities in the quarter was \$26.2 million. The company's earnings before interest, taxes, depreciation and amortization (EBITDA) was \$23.8 million* in the quarter, an increase of 8.6% from the third quarter 2004 EBITDA of \$22.0 million.

For the nine months ended January 31, 2005, the company reported revenues of \$366.1 million, an 11.2% increase from \$329.1 million in the same period of fiscal year 2004. The company's net income per common share was \$0.20. Operating income for the period increased to \$33.0 million from \$27.9 million in the same period of fiscal year 2004. Cash provided by operating activities for the nine-month period was \$62.1 million. The company's earnings before interest, taxes, depreciation and amortization (EBITDA), was \$84.3 million*, an increase of 16.9% from \$72.1 million in the same period of the previous year.

“We continue to build momentum in our business, primarily through the growing contribution of our newly added disposal capacity but also by focusing on the key day-to-day operating drivers of the business,” John W. Casella, chairman and CEO, said. “Our results are indicative of our confidence that the continued execution of our strategy will return long-term value to our shareholders.”

Third Quarter Results

Revenues for the solid waste business totaled \$90.9 million in the third quarter of fiscal year 2005, an 11.5% increase from \$81.5 million in the same period of fiscal year 2004 mainly due to higher hauling and transfer volumes in the Central Region and higher composting volumes in the North Eastern region. The rollover effect of acquired businesses accounted for \$4.3 million of the increase in revenue in the quarter primarily due to new disposal facilities in the Western (Ontario) and South Eastern regions (Southbridge), which became active in the third and fourth quarters of fiscal 2004, respectively. FCR revenues increased to \$21.3 million in the quarter compared to \$18.5 million in the same quarter one year ago due to higher commodity prices. Revenues from Major Accounts decreased to \$3.9 million in the quarter from \$4.1 million in the same period last year.

Cost of operations grew in the quarter to \$76.7 million from \$67.5 million in the same period last year due to higher insurance costs, higher fuel costs and higher cost of commodity purchases due to higher prices. General and administration costs totaled \$15.5 million, an increase from \$14.6

million in the same period one year ago. This increase reflected higher bonus accruals, as well as expenses related to compliance with the Sarbanes Oxley Act.

Balance Sheet Data

As of January 31, 2005, the company had cash on hand of \$7.4 million and an outstanding total debt level of \$371.3 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 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.

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, March 10, 2005 at 10:00 a.m. EST. Individuals interested in participating in the call should dial (719) 457-2621 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 #6274987) before 11:59 p.m. EST, Thursday, March 17, 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.

(tables follow)

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

Unaudited

(In thousands, except amounts per share)

| | Three Months Ended | | Nine Months Ended | |
|--|---------------------|---------------------|---------------------|---------------------|
| | January 31, 2004 | January 31, 2005 | January 31, 2004 | January 31, 2005 |
| Revenues | \$ 104,144 | \$ 116,080 | \$ 329,141 | \$ 366,133 |
| Operating expenses: | | | | |
| Cost of operations | 67,540 | 76,736 | 213,187 | 234,399 |
| General and administration | 14,647 | 15,503 | 43,805 | 47,389 |
| Depreciation and amortization | 14,595 | 16,271 | 44,299 | 51,068 |
| Deferred costs | — | — | — | 295 |
| Operating income | 96,782 | 108,510 | 301,291 | 333,151 |
| Other expense/(income), net: | 7,362 | 7,570 | 27,850 | 32,982 |
| Interest expense, net | 6,241 | 7,249 | 18,359 | 21,577 |
| Income from equity method investments | (1,171) | (1,556) | (2,069) | (2,483) |
| Other expense/(income) | (343) | (642) | (721) | 109 |
| | 4,727 | 5,051 | 15,569 | 19,203 |
| Income from continuing operations before income taxes, discontinued operations and cumulative effect of change in accounting principle | 2,635 | 2,519 | 12,281 | 13,779 |
| Provision for income taxes | 1,149 | 1,122 | 1,627 | 6,136 |
| Income from continuing operations before discontinued operations and cumulative effect of change in accounting principle | 1,486 | 1,397 | 10,654 | 7,643 |
| Discontinued Operations: | | | | |
| Income from discontinued operations, net of income taxes (1) | 4 | — | — | 140 |
| Loss on disposal of discontinued operations, net of income taxes | — | — | — | (150) |
| Cumulative effect of change in accounting principle, net of income taxes | — | — | 2,723 | — |
| Net income | 1,490 | 1,397 | 13,377 | 7,633 |
| Preferred stock dividend | 818 | 829 | 2,423 | 2,499 |
| Net income available to common stockholders | \$ 672 | \$ 568 | \$ 10,954 | \$ 5,134 |
| Common stock and common stock equivalent shares outstanding, assuming full dilution | 24,795 | 25,380 | 24,427 | 25,125 |
| Net income per common share before discontinued operations and cumulative effect of change in accounting principle | \$ 0.03 | \$ 0.02 | \$ 0.34 | \$ 0.20 |
| Net income per common share | \$ 0.03 | \$ 0.02 | \$ 0.45 | \$ 0.20 |
| EBITDA (2) | \$ 21,957 | \$ 23,841 | \$ 72,149 | \$ 84,345 |

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
Unaudited
(In thousands)

| | Nine Months Ended | |
|--|---------------------|---------------------|
| | January 31, 2004 | January 31, 2005 |
| Cash Flows from Operating Activities: | | |
| Net income | \$ 13,377 | \$ 7,633 |
| Adjustments to reconcile net income to net cash provided by operating activities - | | |
| Depreciation and amortization | 44,299 | 51,068 |
| Depletion of landfill operating lease obligations | 395 | 3,729 |
| Loss on disposal of discontinued operations, net | — | 150 |
| Cumulative effect of change in accounting principle, net | (2,723) | — |
| Income from equity method investment | (2,069) | (2,483) |
| Dividend from equity method investment | — | 2,000 |
| Deferred costs | — | 295 |
| Gain on sale of equipment | (274) | (4) |
| Deferred income taxes | 838 | 4,760 |
| Changes in assets and liabilities, net of effects of acquisitions and divestitures | (8,060) | (5,080) |
| | 32,406 | 54,435 |
| Net Cash Provided by Operating Activities | 45,783 | 62,068 |
| Cash Flows from Investing Activities: | | |
| Acquisitions, net of cash acquired | (31,889) | (6,486) |
| Additions to property, plant and equipment | (37,442) | (56,154) |
| Payments on landfill operating lease contracts | (4,305) | (19,790) |
| Proceeds from divestitures | — | 3,050 |
| Advances to unconsolidated entities | (7,074) | — |
| Other | 966 | 1,839 |
| Net Cash Used In Investing Activities | (79,744) | (77,541) |
| Cash Flows from Financing Activities: | | |
| Proceeds from long-term borrowings | 124,828 | 120,350 |
| Principal payments on long-term debt | (100,933) | (107,145) |
| Proceeds from exercise of stock options | 3,709 | 1,622 |
| Net Cash Provided by Financing Activities | 27,604 | 14,827 |
| Net decrease in cash and cash equivalents | (6,357) | (646) |
| Cash and cash equivalents, beginning of period | 15,652 | 8,007 |
| Cash and cash equivalents, end of period | \$ 9,295 | \$ 7,361 |

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
(In thousands)

Note 1: The company divested the assets of Data Destruction Services, Inc. (Data Destruction) during the quarter ended October 31, 2004. The transaction required discontinued operations treatment under SFAS No. 144, therefore the operating results of Data Destruction have been reclassified from continuing to discontinued operations for the three and nine months ended January 31, 2004 and 2005.

Note 2: Non - GAAP Financial Measures

In addition to disclosing financial results prepared in accordance with Generally Accepted Accounting Principles (GAAP), we also disclose earnings before interest, taxes, depreciation and amortization (EBITDA) and before deferred costs and free cash flow, 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 within the 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.

Following is a reconciliation of EBITDA to Cash Provided by Operating Activities:

| | Three Months Ended | | Nine Months Ended | |
|--|------------------------|------------------------|------------------------|------------------------|
| | January 31, 2004 | January 31, 2005 | January 31, 2004 | January 31, 2005 |
| Cash Provided by Operating Activities | \$ 22,763 | \$ 26,222 | \$ 45,783 | \$ 62,068 |
| Changes in assets and liabilities, net of effects of acquisitions and divestitures | (6,999) | (6,028) | 8,060 | 5,080 |
| Deferred income taxes | (542) | (1,059) | (838) | (4,760) |
| Income from discontinued operations | (4) | — | — | (140) |
| Provision for income taxes | 1,149 | 1,122 | 1,627 | 6,136 |
| Interest expense, net | 6,241 | 7,249 | 18,359 | 21,577 |
| Depletion of landfill operating lease obligations | (395) | (1,140) | (395) | (3,729) |
| Dividend from equity method investments | — | (2,000) | — | (2,000) |
| Other expense/(income), net | (256) | (525) | (447) | 113 |
| EBITDA | \$ 21,957 | \$ 23,841 | \$ 72,149 | \$ 84,345 |

Following is a reconciliation of Free Cash Flow to Cash Provided by Operating Activities:

| | Three Months Ended | | Nine Months Ended | |
|--|--------------------|----------|-------------------|----------|
| | January 31, 2005 | | January 31, 2005 | |
| FREE CASH FLOW: | | | | |
| EBITDA | \$ | 23,841 | \$ | 84,345 |
| Add (deduct): | | | | |
| Cash interest | | (2,214) | | (16,155) |
| Net closure / post-closure | | (281) | | (5,398) |
| Capital expenditures | | (13,721) | | (56,154) |
| Cash taxes | | (290) | | (999) |
| Depletion of landfill operating lease obligations | | 1,140 | | 3,729 |
| Change in working capital, adjusted for non-cash items | | 1,777 | | (4,460) |
| FREE CASH FLOW | \$ | 10,252 | \$ | 4,908 |
| Add : | | | | |
| Capital expenditures | | 13,721 | | 56,154 |
| Dividend from US GreenFiber | | 2,000 | | 2,000 |
| Other | | 249 | | (994) |
| Cash Provided by Operating Activities | \$ | 26,222 | \$ | 62,068 |

CASELLA WASTE SYSTEMS, INC.
SUPPLEMENTAL DATA TABLES
(unaudited)

Amounts of the Company's total revenue attributable to services provided are as follows:

| | Three Months Ended January 31, | |
|------------------------------|-----------------------------------|------------|
| | (in thousands) | |
| | 2004 | 2005 |
| Collection | \$ 53,863 | \$ 56,578 |
| Landfill/disposal facilities | 16,926 | 18,779 |
| Transfer | 8,383 | 9,570 |
| Recycling | 24,972 | 31,153 |
| Total revenues | \$ 104,144 | \$ 116,080 |

Components of Revenue Growth for the three months ended January 31, 2005 compared to the three months ended January 31, 2004:

| | Percentage |
|---------------------------------|---|
| Solid waste operations | Price 0.1% |
| | Volume 4.3% |
| | Solid waste commodity price & volume 0.4% |
| Total growth of solid waste | 4.8% |
| FCR | Price 2.1% |
| | Volume 0.4% |
| Total recycling growth | 2.5% |
| Total internal growth | 7.3% |
| Rollover effect of acquisitions | 4.2% |
| Total revenue growth | 11.5% |

As of last quarter, the solid waste price increase result is skewed by lower average prices at Brockton landfill. Excluding Brockton, price growth would have been 1.4%

Solid Waste Internalization Rates by Region:

| | Three Months Ended January 31, | |
|------------------------|-----------------------------------|-------|
| | 2004 | 2005 |
| North Eastern region | 54.7% | 55.9% |
| South Eastern region | 50.8% | 47.9% |
| Central region | 80.2% | 79.8% |
| Western region | 30.8% | 44.4% |
| Solid waste operations | 52.4% | 57.2% |

US GreenFiber Financial Statistics:

| | Three Months Ended January 31, (in thousands) | |
|-----------------------------|---|-----------|
| | 2004 | 2005 |
| Revenue | \$ 34,783 | \$ 40,023 |
| Net income | 2,342 | 3,113 |
| Cash flow from operations | 1,223 | 2,956 |
| Net working capital changes | 2,420 | 1,624 |
| EBITDA | \$ 3,643 | \$ 4,580 |
| As a percentage of revenue: | | |
| Net income | 6.7% | 7.8% |
| EBITDA | 10.5% | 11.4% |
