

Chartwell Solid Waste Digest

Chartwell Quarterly Financial Trends: Special Waste Firms

Introduction

The Chartwell Special Waste Indices provide perspective on the overall financial trends in the specialty waste management sector. Since the passage of the Resource Conservation & Recovery Act in 1976, there has been an emergence of specialized waste segments (e.g. hazardous waste, medical wastes, and appliance management) in the solid waste management field.

Background

The Chartwell Special Waste Indices are based on the quarterly financial performance of the publicly traded municipal solid waste management firms during the period of 2000 to the present. The Chartwell Special Waste Indices are presented in terms of both the most recent performance (2005 to date) and longer-term performance (2000 to date). The six firms tracked are Advanced Environmental Recycling, American Ecology, Appliance Recycling Centers of America, Clean Harbors, Perma-Fix, and Stericycle.

The Chartwell Special Waste Indices are based on the median performance amongst the six companies. The median is a statistical indicator of the overall financial trends in the commercial special waste sector, as it reflects the middle of the road performance in any given reporting quarter. Since some of these firms operate in niche markets serving different customer bases, their financial performances are often quite different from other specialty waste service firms and the overall median.

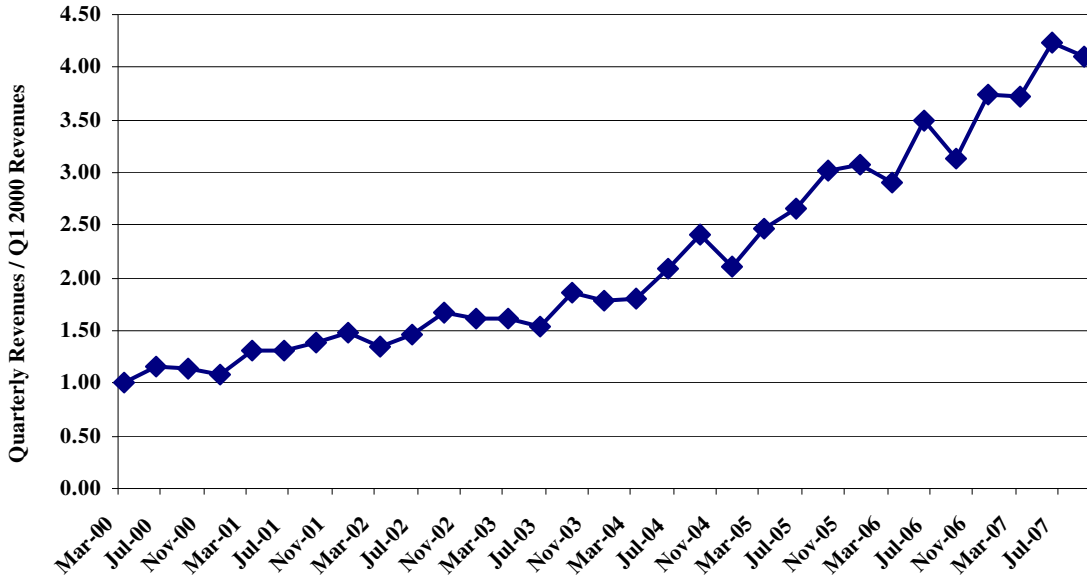
Each index is based on the financial results reported in the first quarter of year 2000. Each individual company's performance at that time is given an index rating of 1.00. The individual companies financial results after the first quarter are rated as a ratio to the performance in the first quarter of 2000.

A company performing better than the first quarter 2000 has an index rating above 1.00. When a company is performing below the first quarter 2000, it has an index rating of less than 1.00. The Chartwell Indices are the medians of the six companies' individual index rating.

Index Observations

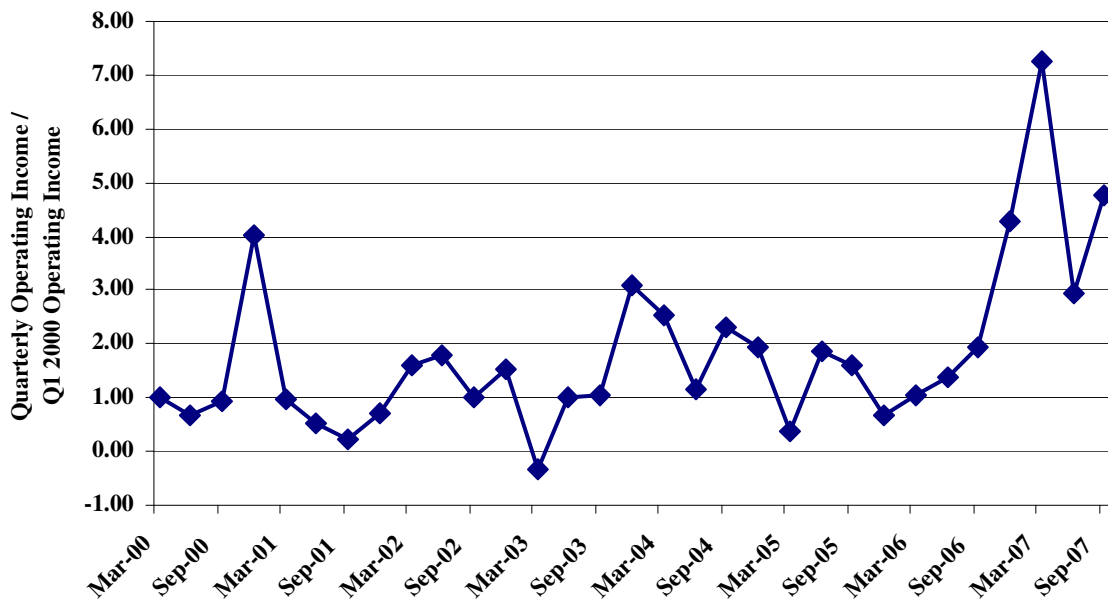
The Chartwell Revenue Index of Revenues (2000 to present) is the median revenue of the companies compared to the year 2000. In the last quarter, the median revenue of the six companies had a rating of 4.0, which is the equivalent of a 300% increase above revenues in 2000.

Figure 1
Chartwell Index – Special Waste Revenues (2000 to Present)



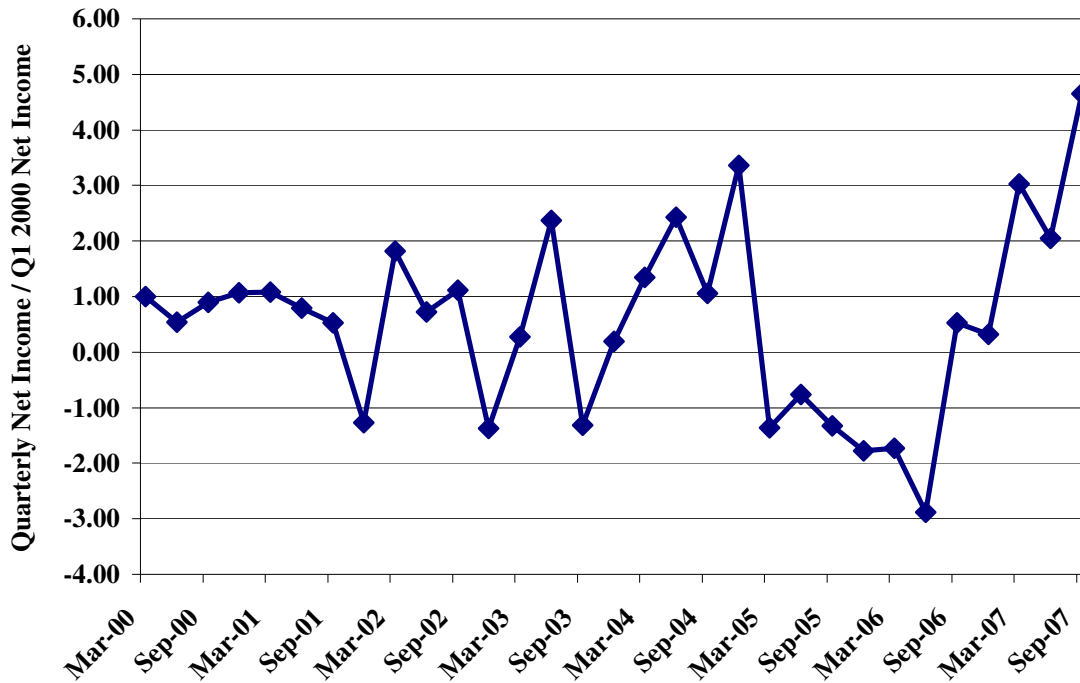
The fluctuations in operating income illustrated in Figure 2 are clearly more pronounced than what is observed in the revenues. However, there is a general consistency that one would expect that operating income improved with increases in revenues.

Figure 2
Chartwell Index – Special Waste Operating Income (2000 to Present)



In more recent years, the median net income has more closely followed changes in median operating income. The most recent quarter reflects a 300%-plus improvement above the benchmark first quarter of 2000.

Figure 3
Chartwell Index – Special Waste Net Income (2000 to Present)



Additional Revenue Statistics

The total quarterly gross revenues of all six firms are illustrated in Figure 4 for the period of 2005 to present. In the most recent quarter, the six firms reported \$588 million in revenues, about \$212 million more than the first quarter of 2005. Unlike the MSW sector, which has a history of noticeable seasonal fluctuations in revenues, the median of the specialty services sector has been relatively flat.

Figure 4
Chartwell Index Companies - Total Gross Revenues, In Thousands
(2005 to Present)

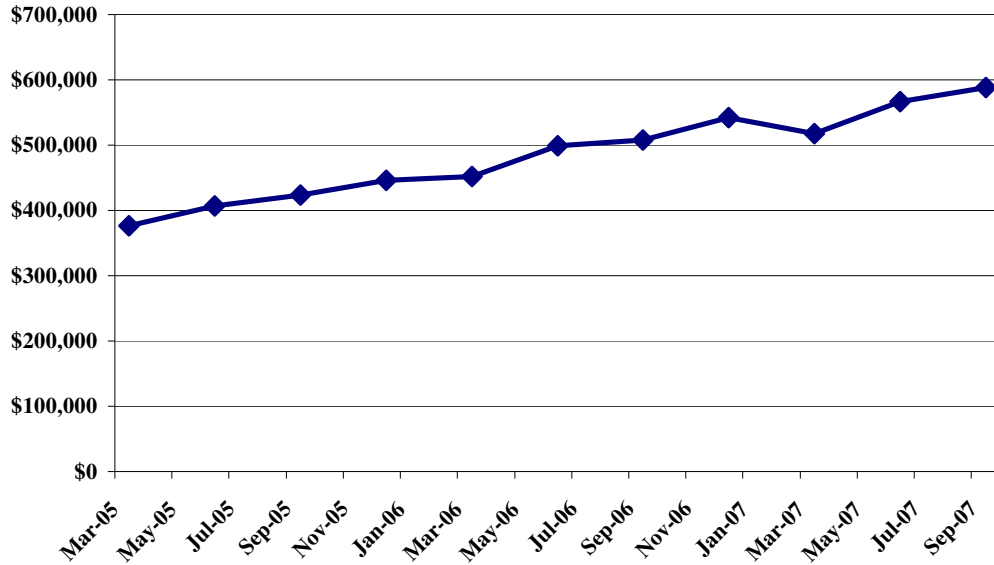
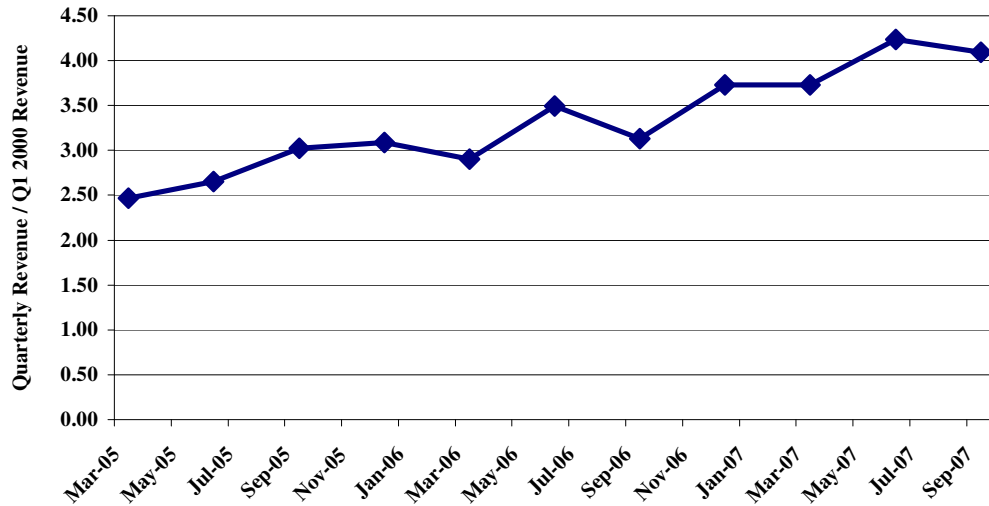


Figure 5 illustrates the recent growth in revenues of all six firms in terms of the median of the firms since 2005. In first quarter of 2005, the median quarterly revenues were already at 2.5, reflecting a 150% increase. Since the first quarter of 2005, the companies have reached over 4.0, reflecting another 150% increase over the first quarter of 2000.

Figure 5
Chartwell Index – Special Waste Revenues (2005 to Present)



Additional Operating Income Statistics

The total quarterly operating income of all six firms is provided in Figure 6. The six firms reported a total quarterly income of \$94 million in the most recent quarter, compared to \$52 million in the first quarter of 2005. The total operating income plot does not have the same fluctuations as Figure 2 due largely to the relatively steady operating income of the largest companies in the index.

Figure 6
Chartwell Index Companies - Total Operating Income In Thousands
(2005 to Present)

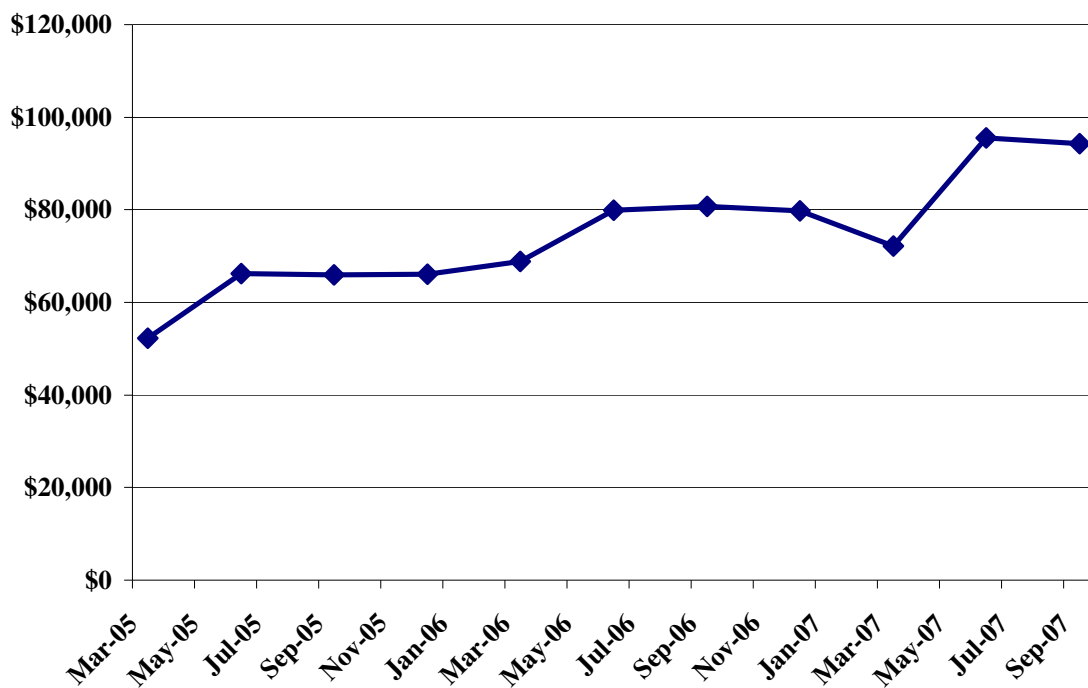
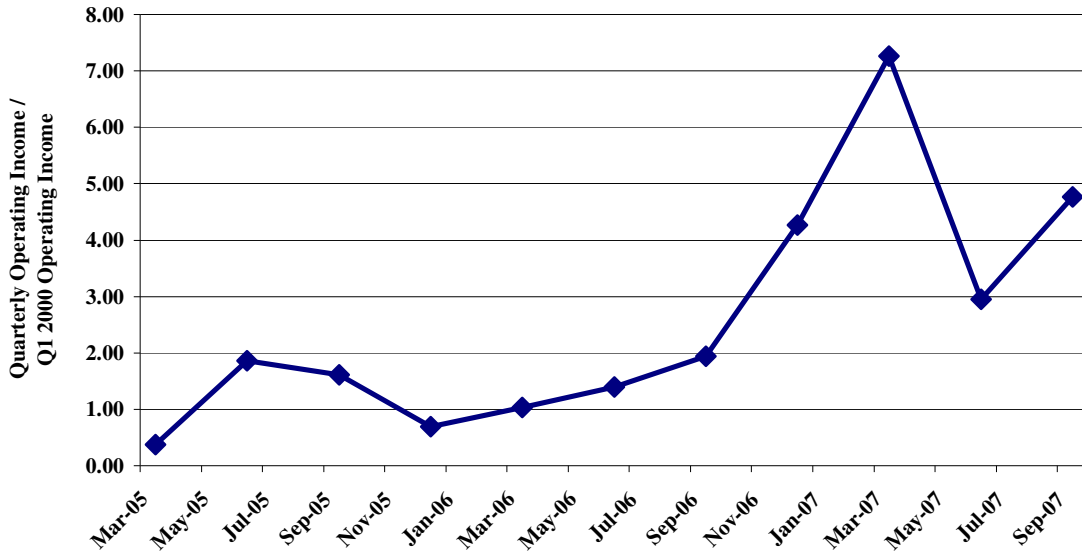


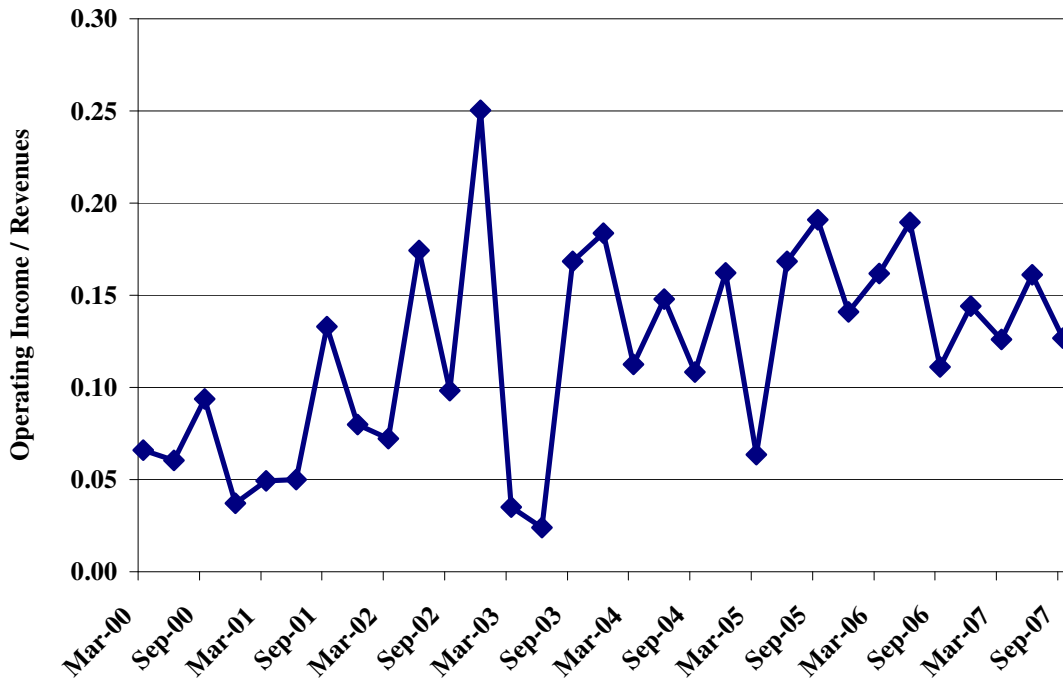
Figure 7 illustrates the median change of operating income of all six firms since 2005. The median operating income in the first quarter of 2005 was lower than the first quarter of 2000. Since September 2006, there have been some significant improvements in the median of the operating income amongst this group of companies.

Figure 7
Chartwell Index – Special Waste Operating Income (2005 to Present)



The median of the ratio of the operating income to revenues is illustrated in Figure 8 for all six firms. As illustrated, the median operating income relative to revenues has improved about 100% since 2000.

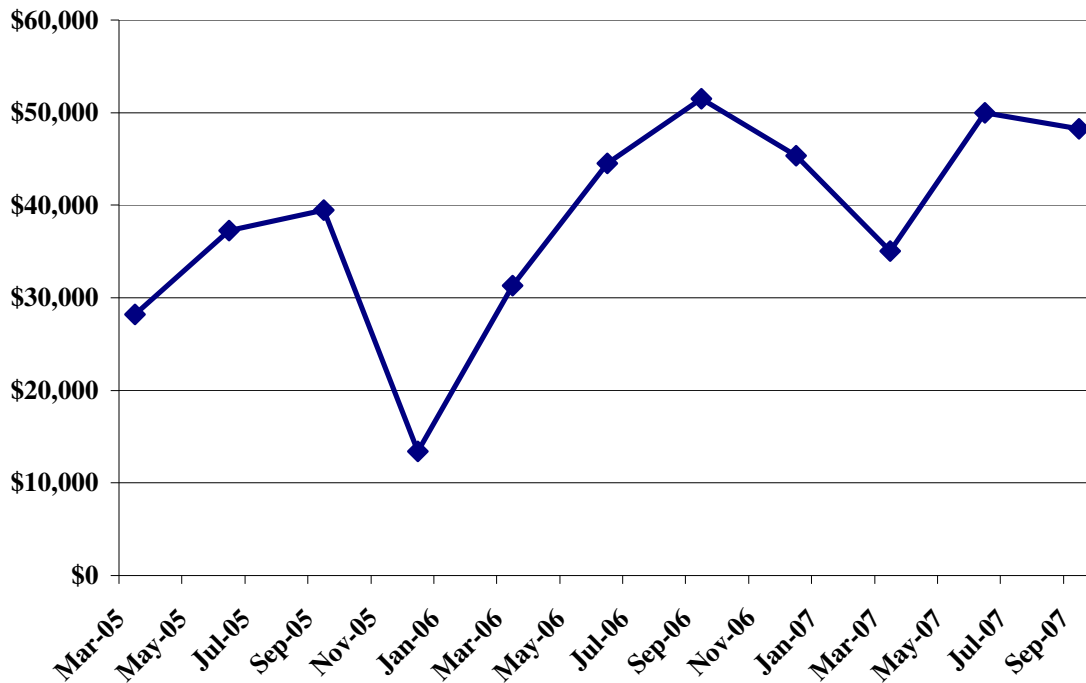
Figure 8
Chartwell Index – Special Waste Operating Income/Revenues (2000 to Present)



Net Income

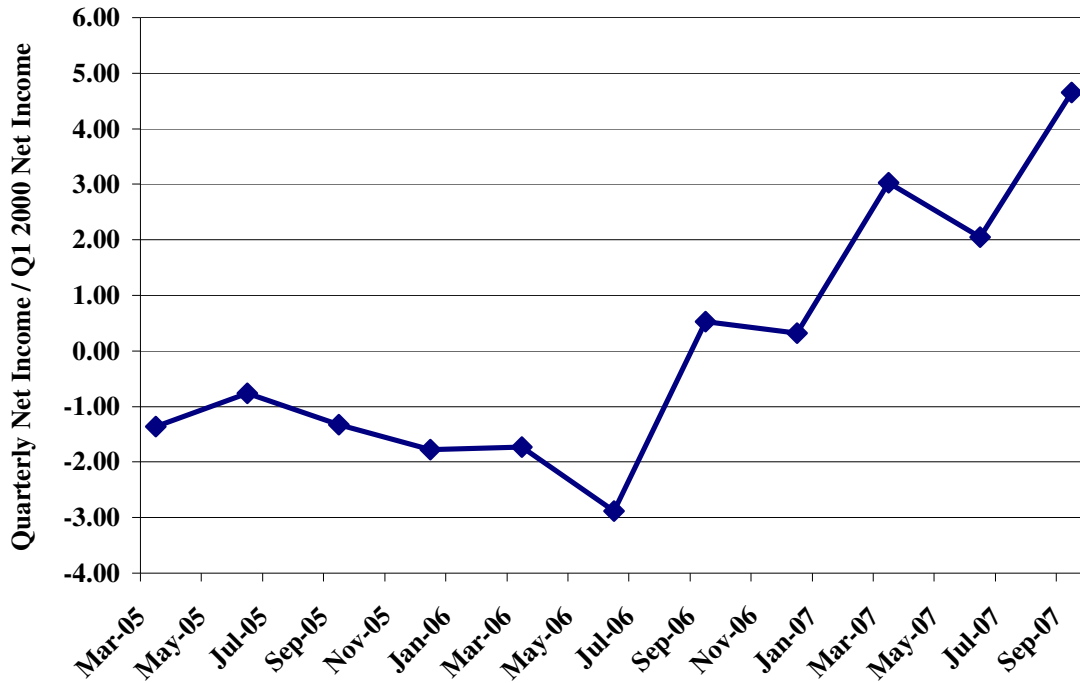
The recent total net income of the six firms is provided in Figure 9. The fluctuations in total net income illustrated in Figure 9 are due to the financial performance of one or two firms rather than the entire group of six firms. In the most recent quarter, total net income was \$48.2 million, an increase of 171% since the first quarter of 2005.

Figure 9
Chartwell Index Companies - Recent Total Net Income In Thousands
(2005 to Present)



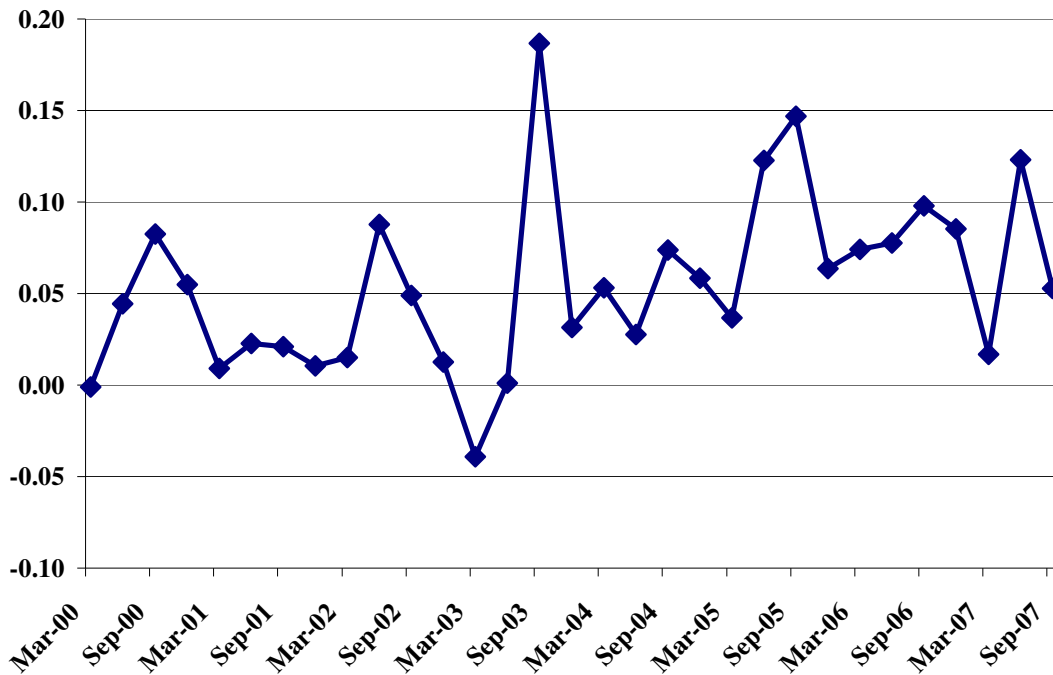
The Index of Median Net Income in 2000 has a value of 1.00 for the benchmark first Quarter of 2000. As of the latest quarter, the Index of Net Income was 4.65 for the six firms. The majority of this improvement has happened in the period of 2005 to the present. Considering the value of this index was actually negative in the first quarter of 2005, there has been a major improvement.

Figure 10
Chartwell Index – Special Waste Net Income (2005 to Present)



The median of the ratio of net income to revenues has fluctuated considerably since 2000. The fluctuation in this median is occurring with some of the companies in the index more than others; however, their fluctuation in values is sufficient to cause the results illustrated in Figure 11 in an index of only six firms.

Figure 11
Chartwell Special Waste Index – Median Net Income/Revenues (2000 to Present)



Latest Quarterly Summary

Provided in Table 1 are the most recent quarterly results from the six firms in the Special Waste Index. The firms are presented in alphabetical order.

Table 1: Quarterly Results, Q3 2007

Company	Revenue	Operating Income	Operating Margin	Operating Margin Rank	Net Income	Net Profit Margin	Net Profit Margin Rank
AERTA	\$24,798	-\$2,116	-9%	6	-\$1,529	-6%	4
ECOL	\$39,427	\$6,632	17%	2	\$4,518	11%	2
ARCI	\$27,370	\$1,833	7%	4	\$1,404	5%	3
CLHB	\$245,507	\$25,879	11%	3	\$12,940	5%	3
PESI	\$13,840	\$208	2%	5	-\$1,952	-14%	5
SRCL	\$237,323	\$61,860	26%	1	\$32,895	14%	1

(All revenue figures in 000s)