



OHM Corporation

# NEWS RELEASE

16406 U.S. Route 224 East ■ P.O. Box 551 ■ Findlay, Ohio 45839-0551

**FINANCIAL CONTACTS: Sam Iapalucci**  
**419-424-4924**

**Pamela K. M. Beall**  
**419-425-6002**

**MEDIA CONTACT: Patti Ziegler**  
**419-425-6048**

**For Immediate Release**

**OHM REPORTS Q3 NET INCOME UP 50 PERCENT ON 48 PERCENT RISE IN NET REVENUES; EPS AT \$0.16 VS \$0.14; STRONG GOVERNMENT SECTOR OFFSETTING WEAK PRIVATE SECTOR, RECORD OBLIGATED BACKLOG**

FINDLAY, OHIO, OCTOBER 31, 1994---OHM CORPORATION (NYSE:OHM), a leading on-site hazardous waste remediation firm, today reported that net income was up 50 percent to \$2.6 million for its third quarter ended September 30, 1994, compared with \$1.7 million for the quarter a year ago. Net revenues rose 48 percent to \$69.3 million from \$46.8 million, while operating income increased 51 percent. Earnings per share rose less rapidly than net income to 16 cents from 14 cents a year ago, due to a 29.9 percent increase in common and equivalent shares outstanding as a result of a common stock offering completed in December 1993.

James L. Kirk, Chairman, President and Chief Executive Officer said, "Revenues from government clients have increased significantly in 1994, however, very little was derived from contracts awarded over the past 12 months. During the third quarter, we received approximately \$135 million of delivery orders for specific work under our government term contracts. This increased the obligated portion of our contract backlog to a record \$255 million, at September 30, 1994, a 43 percent increase from \$179 million at June 30, 1994. We are encouraged that many of the projects to be performed under these new contracts are in locations where the weather should be less of an issue. This should allow us to continue to smooth out the seasonal pattern in our business."

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Kirk added, "Our results for the quarter were negatively affected by revenues from activities performed at the Citgo site which were recorded at breakeven. There are approximately \$26 million of unreimbursed costs related to the Citgo project which the Company is seeking to recover through litigation. In addition, margins in the private sector were depressed due to the competitive and weak market conditions in that sector of our business."

Kirk said, "We expect to continue to derive a greater percentage of our revenues from the government sector where we have a significant contract backlog. Growth in this sector is being driven primarily by Department of Defense environmental cleanups to comply with the Federal Facilities Compliance Act of 1992 and to prepare military bases for closure and conversion to civilian use."

#### Net Revenues up 48 Percent

The 48 percent increase in net revenues was primarily the result of a 90 percent increase in net revenues from the government sector. The Company posted strong gains in revenues from many of its government clients, including the United States Department of the Navy, the United States Army Corps of Engineers, state and local agencies and the United States Environmental Protection Agency. Excluding the Citgo project, revenues from the private sector were flat compared with the third quarter of 1993 and slightly down as compared to the prior nine months. The weakness in the private sector is attributable to the reluctance of the private sector to move ahead with projects pending, anticipated changes in the Superfund law reauthorization as well as economic factors in certain industry and geographic sectors. Revenues from the government sector represented approximately 58 percent of OHM's total net revenues for the third quarter and 54 percent for the first nine months of 1994, compared with 46 percent for both periods in 1993.

#### Nine Months Results

For the nine months ended September 30, 1994, net income increased 66 percent to \$5.5 million or 34 cents per share from \$3.3 million or 27 cents per share for the same period in 1993. Net revenues for the period increased 52 percent to \$186.2 million from \$122.3 million primarily as a result of increased revenues from the government sector. Operating income increased 65 percent to \$15.1 million from \$9.2 million.

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### Improvement in Operating Margins

Kirk said, "We have continued to make progress toward our goal of 10-12 percent operating margins. Excluding the Citgo project, operating margins for the quarter ended September 30, 1994 were 10 percent, compared with the 9.5 percent reported and 9.4 percent for the third quarter of 1993. Similarly, operating margins for the first nine months of 1994 were 8.7 percent compared with the 8.1 percent reported and 7.5 percent for the same period of 1993."

### Record Obligated Backlog

At September 30, OHM's contract backlog stood at \$1.8 billion, up from \$820 million a year ago. A significant amount of contracts, \$1.1 billion, were awarded in 1994, of which \$531 million were received in the third quarter of this year. The Company's contract backlog consists primarily of the potential value of federal government term contracts for work to be performed over a five year period on a cost plus basis. The obligated portion of contract backlog was a record \$255 million as of September 30, 1994.

### Bid Opportunities

"Most of the bid opportunities we see over the near term are in the government sector, primarily the Department of Defense," said Kirk. The Company presently has approximately \$300 million of federal government term contract proposals outstanding. "Over the next 12-18 months, we expect to bid on another \$3 billion. Even though our recent win rate has exceeded 40 percent on such opportunities, our goal remains to win 25 percent to 33 percent of the dollar value bid."

With 25 years experience and the successful completion of more than 17,000 projects, OHM is a leading nationwide environmental remediation firm and a major emergency response contractor. The Company provides a broad range of physical, chemical, biological, and thermal treatment technologies to clean up hazardous waste through its 29 locations in the United States. OHM provides its services to a diverse client base in the private sector including petroleum, chemical, transportation, and general manufacturing firms as well as the public sector including the U. S. Army Corps of Engineers, the U. S. Department of the Air Force, the U. S. Department of the Navy, the U. S. EPA, and at U.S. Department of Energy facilities.

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## CONSOLIDATED CONDENSED STATEMENTS OF INCOME

(In Thousands, Except Per Share Data)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	1994	1993	1994	1993
	(Unaudited)		(Unaudited)	
Gross Revenues	\$91,308	\$62,063	\$261,025	\$163,990
Net Revenues	69,333	46,773	186,171	122,311
Operating Income	6,614	4,379	15,086	9,165
Net Income	2,615	1,749	5,489	3,307
Net Income Per Share	<u>\$0.16</u>	<u>\$0.14</u>	<u>\$0.34</u>	<u>\$0.27</u>
Weighted Average Number of Common and Common Equivalent Shares Outstanding	<u>16,017</u>	<u>12,331</u>	<u>16,151</u>	<u>12,225</u>