



OHM Corporation

# NEWS RELEASE

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## **OHM REPORTS STRONG RESULTS FOR SECOND QUARTER**

### **For Immediate Release**

FINDLAY, OHIO, JULY 28, 1995---OHM Corporation (NYSE:OHM), a leading hazardous waste remediation firm, today reported second quarter earnings of \$234,000, or one cent per share on net revenues of \$70.6 million, 9 percent higher than a year ago. Reported results reflect a \$3.9 million pre-tax charge for costs related to the acquisition of the hazardous and nuclear waste remediation businesses of Rust International Inc. completed during the quarter.

Included in the one-time charge were costs associated with the consolidation of office locations, personnel costs and related transition expenses. Excluding the one-time charge, net income for the 1995 second quarter would have been \$2.7 million, a 29 percent increase over the \$2.1 million net income for the 1994 second quarter. Without the charge, earnings per share for the second quarter would have been 13 cents per share, flat when compared to the 1994 quarter but with 28 percent more common and equivalent shares outstanding primarily as a result of the Rust transaction.

For the six months ended June 30, 1995, the Company reported \$1.5 million of net income or eight cents per share, on \$127.2 million of net revenues which were 9 percent higher than net revenues for the first half of 1994. Excluding the one-time charge for the Rust transaction, net income for the first half of 1995 would have increased 38 percent to \$4.0 million, or 21 cents per share, from \$2.9 million, or 18 cents per share, for the first half of 1994.

### **Rust Transaction**

On May 30, 1995, OHM acquired the hazardous and nuclear waste remediation businesses of Rust International Inc., in a transaction accounted for as a purchase. Second quarter results reflect one month of combined operations. OHM issued 9.7 million shares of its common stock to Rust in exchange for the businesses acquired. In addition, WMX Technologies, Inc. has

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provided OHM a financing guarantee which the Company has used to obtain lower cost financing, in exchange for warrants to purchase 700,000 shares of OHM common stock. OHM is now one of the largest companies dedicated to on-site remediation, with approximately 3,000 employees and a strong client base nationwide in both the private and public sectors.

James L. Kirk, Chairman, President and Chief Executive Officer of OHM, said, "The integration of the two organizations is progressing very smoothly. We have made significant progress consolidating our offices, eliminating redundant positions and reorganizing administrative functions to better support our operations. Our sales force has been integrated and we have already begun to benefit from project opportunities within the WMX family of companies through our preferred provider relationship. All of these initiatives provide us with the opportunity to take advantage of the strengths inherent in the new OHM and produce future cost savings."

#### **Business Grows on Strength of Government Business**

In the second quarter of 1995, net revenues rose 9 percent, to \$70.6 million from \$65.0 million for the second quarter of 1994. Revenues from the government sector, which contributed 74 percent of total net revenues, gained 59 percent over the second quarter of 1994. Rapid growth in this sector reflects spending by Department of Defense (DOD) agencies to clean up environmental problems at military bases, many of which are scheduled for closing. The increase in net revenues from the DOD was led by the Navy which provided 342 percent more net revenues in the second quarter of 1995 than the second quarter of 1994. The Company also began to receive revenues from activities under term contracts with the U.S. Air Force.

While net revenues from the private sector declined 43 percent from the second quarter of 1994, the Company noted that last year's second quarter included significant revenues from a single large project. Excluding those revenues, there was a 15 percent decrease in private sector revenues. While the private sector has experienced sluggish demand over the past year, the Company is encouraged by the number of private sector opportunities it plans to pursue in the near term.

#### **Operating Earnings Rise 25 Percent on Higher Margins**

Excluding the charge for the second quarter, operating income grew 25 percent to \$6.7 million from \$5.4 million a year ago, while operating income as a percent of net revenues increased to 9.5 percent versus with 8.3 percent in last year's second quarter. Driving the growth in operating income were higher revenues and improved gross margins which increased to 22.9 percent from 21.1 percent a year ago.

#### **Obligated Portion of Backlog Reaches a New Record**

The obligated portion of contract backlog, representing firm commitments and delivery orders under government term contracts, increased 113 percent to \$381 million at June 30 from \$179 million a year ago. The increase is attributed to the obligated backlog of the acquired Rust business as well as delivery orders under government term contracts which totaled \$142 million for the first half of 1995 compared with just \$53 million for the first half of 1994.

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Total contract backlog, including the unobligated portion of government term contracts, totaled \$2.0 billion at June 30, 1995, a 48 percent increase over contract backlog at June 30, 1994. The increase reflects significant contract awards to OHM as well as the addition of business under Rust contracts.

**New Bank Credit Agreement**

On June 1, the Company entered into a new five-year revolving bank credit agreement with a group of eight banks to provide the company with up to \$150 million of credit for cash borrowings and letters of credit. The Company has already begun to benefit from lower cost financing under the new agreement as a result of its improved financial position and the WMX financing guarantee.

With 26 years experience and the completion of approximately 30,000 projects, OHM provides a broad range of treatment technologies to clean up hazardous wastes through its more than 30 offices nationwide. The Company's client base includes firms in the petroleum, chemical, transportation and general manufacturing as well as public sector clients including the U.S. Army Corps of Engineers, the U.S. Departments of the Navy and the Air Force, the U.S. EPA and work at U.S. Department of Energy facilities.

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**OHM Corporation**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

(In Thousands, Except Per Share Data)

<b><u>THREE MONTHS ENDED JUNE 30:</u></b>	1995		<u>1994</u> (Unaudited)
	Reported	Pro Forma	
	(Unaudited)		
Gross Revenues	\$99,501	\$99,501	\$94,686
Net Revenues	70,614	70,614	65,027
Gross Profit	16,144	16,144	13,691
Selling, General and Administrative Expense	13,285	9,431	8,316
Operating Income	2,859	6,713	5,375
Net Income	234	2,662	2,069
Net Income Per Share	\$0.01	\$0.13	\$0.13
Weighted Average Number of Common and Common Equivalent Shares Outstanding	20,723	20,723	16,212
<b><u>SIX MONTHS ENDED JUNE 30:</u></b>	1995		<u>1994</u> (Unaudited)
	Reported	Pro Forma	
	(Unaudited)		
Gross Revenues	\$179,718	\$179,718	\$169,717
Net Revenues	127,163	127,163	116,838
Gross Profit	29,054	29,054	24,075
Selling, General and Administrative Expense	20,966	17,112	15,603
Operating Income	8,088	11,942	8,472
Net Income	1,521	3,949	2,874
Net Income Per Share	\$0.08	\$0.21	\$0.18
Weighted Average Number of Common and Common Equivalent Shares Outstanding	18,456	18,456	16,207

**Note:**

(1) Pro Forma amounts for the three and six months ended June 30, 1995, exclude the effects of a \$3,854,000 pre-tax charge for integration costs related to the Company's acquisition of the hazardous and nuclear waste remediation services business units of Rust International Inc..