



OHM Corporation

NEWS RELEASE

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For Immediate Release

OHM REPORTS Q2 NET INCOME UP 68.6% ON 58.0% RISE IN NET REVENUES; EPS AT \$0.13 VS \$0.10, RESULTS AFFECTED BY CITGO PROJECT; RECORD CONTRACT BACKLOG, INCREASE IN CREDIT CAPACITY

FINDLAY, OHIO, August 1, 1994---OHM Corporation (NYSE:OHM), a leading on-site hazardous waste remediation firm, today reported that net income was up 68.6 percent to \$2.1 million for its second quarter ended June 30, 1994, compared with \$1.2 million for the quarter a year ago. Net revenues rose 58 percent to \$65 million from \$41.2 million, with operating income increasing 59.7 percent.

Due to a 33.9 percent increase in common and common equivalent shares outstanding as a result of a public offering completed in December 1993, earnings per share rose less rapidly than net income to 13 cents from 10 cents a year ago, a 30 percent increase.

Net Revenues up 58.0%

The sharp increase in total net revenues was primarily the result of a 63.4 percent increase in net revenues from the government sector. Most of the increase in government revenues is from the ramp up of government term contracts awarded to OHM from 1989-1993. Work underway at multi-year Superfund projects also contributed to the increase.

James L. Kirk, Chairman, President and Chief Executive Officer commented, "While the gain in revenues from the government is principally from increased activity under older term contracts, delivery orders received in the second quarter also indicate the government is moving ahead with work under several of the newer contracts awarded to OHM during the past nine months."

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Net revenues from the private sector increased 53 percent due to a large project for Citgo Petroleum Corporation which concluded at the end of the second quarter. Without the Citgo project, revenues from the private sector would have been flat compared to the second quarter of 1993. Kirk said, "The private sector remains choppy, which we attribute to the anticipated changes in the Superfund law pending its reauthorization and economic factors in certain industry and geographic sectors. OHM remains well positioned, however, to benefit from the eventual pickup in private sector cleanups."

Results Affected by Citgo Project

Gross profit for the second quarter was \$13.7 million, a 37.5 percent increase over last year's second quarter. As a percentage of net revenues, the gross margin was 21.1 percent compared with 24.2 percent for last year's second quarter. Commenting on the decline in gross margin, Kirk said, "Gross and operating margins for the second quarter were distorted by the Citgo project since we recognized no margin on the project during the quarter. Without the impact of Citgo, the gross margin would have approximated 25 percent, which is greater than last year's second quarter, while the operating margin would have approximated 10 percent instead of the 8.3 percent reported." The operating margin for the second quarter of 1993 was 8.2 percent.

In October 1993, based on information provided to OHM by Citgo, OHM bid and was awarded a contract for the removal of surface impoundment sludge at Citgo's Lake Charles, Louisiana refinery. In April 1994, the Company submitted to Citgo a request for a substantial equitable adjustment to the contract as a result of deficient project specifications provided by Citgo, as well as other unplanned events controlled by Citgo. Citgo filed a complaint requesting a declaratory judgement that the Company is not entitled to additional compensation and requesting an order for specific performance requiring the Company to perform the contract. OHM continued performance of the contract in good faith, and incurred significant excess costs. While the Company continues to pursue amicable resolution of its disputes with Citgo, the Company has countersued Citgo for damages in connection with the project. The financial statements at June 30, 1994 reflect a \$15.9 million claim and, in addition to the disputed claim amount, an additional \$6.4 million for work performed under the base contract which remains unpaid.

Record Contract Backlog

On July 19, the Company announced the award of three Full Service Remedial Action Contracts with an aggregate potential value of \$210 million over five years for environmental cleanup work at a number of air force bases nationwide. The contracts awarded by the U.S. Department of the Air Force Center for Environmental Excellence (AFCEE) are for a five year ordering period. The Company has also recently been notified that it has been selected to negotiate a Total Environmental Restoration Contract (TERC) to be awarded by the Tulsa District of the U.S. Army Corps of Engineers with an aggregate potential value of up to \$216 million over ten years. The contract is for "cradle-to-grave" Hazardous, Toxic and Radiological Waste ("HTRW") environmental services at a number of military installations in a five state geographic region of the Southwestern Division boundary.

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"The addition of these new contracts and several other smaller projects brings our current contract backlog to approximately \$1.8 billion, up from \$1.4 billion at the end of the first quarter and \$400 million a year ago. This is a record for OHM. Additionally we are still waiting for decisions on proposals submitted for term contracts representing approximately \$300 million of potential value and we have identified another \$3 billion of new bidding opportunities for which we anticipate submitting proposals over the next twelve to eighteen months," said Kirk.

Cash Capacity From Bank Line of Credit Increased \$20 Million

To fund the growth expected over the near term, the Company recently negotiated an increase in the cash borrowing sublimit of its bank line of credit to \$80 million from \$60 million. Sam Iapalucci, Vice President and Chief Financial Officer said, "We are comfortable financing our expected growth over the near term with bank lines of credit, however, we will continue to evaluate additional financing alternatives, as needed, based on our rate of growth."

Fundamentals Strong for OHM

Kirk concluded his remarks by reaffirming his optimism about the Company's prospects. Kirk said, "In spite of our issues with Citgo and the choppy private sector, the fundamentals for OHM have never been better. Our record contract backlog and the increased activity under government term contracts awarded over the past nine months give us greater predictability on our revenues than previously existed in our business. It is clear to us that investments made over the past several years, including those to position the Company for growth in the government sector, have begun to pay off."

With 25 years experience and the successful completion of more than 16,000 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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OHM Corporation
CONSOLIDATED STATEMENTS OF INCOME

(In Thousands, Except Per Share Data)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	1994	1993	1994	1993
	(Unaudited)		(Unaudited)	
Gross Revenues	\$94,686	\$58,087	\$169,717	\$101,927
Net Revenues	65,027	41,164	116,838	75,538
Operating Income	5,375	3,365	8,472	4,786
Net Income	2,069	1,227	2,874	1,558
Net Income Per Share	<u>\$0.13</u>	<u>\$0.10</u>	<u>\$0.18</u>	<u>\$0.13</u>
Weighted Average Number of Common and Common Equivalent Shares Outstanding	<u>16,212</u>	<u>12,112</u>	<u>16,160</u>	<u>12,161</u>