



OHM Corporation

# NEWS RELEASE

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## FOR IMMEDIATE RELEASE

### OHM CORPORATION REPORTS SECOND QUARTER AND SIX MONTHS RESULTS

- 30% INCREASE IN Q2 REVENUE
- 9 CENTS FOR Q2 96 VS 1 CENT; 13 CENTS EXCLUDING ACQUISITION-RELATED INTEGRATION COSTS
- INCREASE IN OBLIGATED BACKLOG
- POSITIVE OUTLOOK FOR SECOND HALF OF 1996

FINDLAY, OHIO, August 1, 1996--OHM Corporation (NYSE:OHM), a leading hazardous waste remediation firm, today reported results for the second quarter and six months ended June 30, 1996. Revenue for the quarter rose 30 percent to \$129.2 million from \$99.5 million for the second quarter of 1995. Net income for the quarter was \$2.4 million, or nine cents per share, on 30 percent more shares outstanding compared with earnings of \$200,000, or one cent per share for the same period a year ago. Excluding a \$3.9 million pre-tax charge for acquisition-related integration costs, earnings per share for the 1995 second quarter was 13 cents.

Revenue for the first half of 1996 was \$248.1 million, up 38 percent from \$179.7 million for the first half of 1995. Net income for the 1996 first half was \$3.7 million, or 14 cents per share on 48 percent more shares compared with \$1.5 million or 8 cents per share for the first six months of 1995. Excluding acquisition-related integration costs, earnings per share for the first half of 1995 was 21 cents.

#### Revenue Gains Reflect Growth in Government Sector, Rust Acquisition

The 30 percent increase in revenue for the second quarter of 1996 came from both government and private sector clients. Work under contracts with Department of Defense agencies for remediation of existing and closing military bases accounted for the bulk of the 28 percent growth in OHM's government revenue. Private sector revenue increased 37 percent, due primarily to the mid-1995 acquisition of the hazardous and nuclear waste remediation businesses of Rust International Inc., which derived nearly 90 percent of its business from the private sector.

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### **Increase in Obligated Contract Backlog**

Obligated backlog was up three percent to \$392 million compared to \$381 million at June 30, 1995. Spending under the Company's government contracts remains strong. In the first half of 1996, OHM received \$161 million of obligations, 16 percent more than the \$139 million received in the first half of 1995. Total contract backlog at June 30, 1996 was \$1.9 billion, down seven percent from June 30, 1995. Since June 30, OHM has signed two new contracts with Department of Defense agencies worth an aggregate potential value of \$125 million over the next five years.

### **Positive Outlook**

"We expect earnings per share in the second half of 1996 to exceed the comparable 1995 period," said James L. Kirk, Chairman, President, and Chief Executive Officer of OHM. "While the private sector remains very competitive, we are encouraged by the spending under our existing government contracts which will continue to be our greatest source of revenue over the near term. We are also excited about the new opportunities we plan to pursue in the second half of the year, particularly in the Department of Energy market estimated to be \$200-\$350 billion, which is the focus of our longer-term growth strategy," said Kirk.

With 27 years experience and the completion of approximately 30,000 projects, OHM provides a broad range of treatment technologies to clean up hazardous waste sites through more than 30 offices nationwide. The Company's public sector client base includes 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, as well as private sector clients in the petroleum, chemical, transportation and general manufacturing industries.

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**OHM Corporation**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
(In Thousands, Except Per Share Data)

| <b><u>THREE MONTHS ENDED JUNE 30:</u></b>                                     | <u>1996</u>   | <u>1995</u>   |
|---|---------------|---------------|
|   | (Unaudited)   |               |
| Revenue   | \$129,177     | \$99,501      |
| Gross Profit  | 17,560        | 16,144        |
| Selling, General and Administrative Expense <sup>(1)</sup>                    | 11,943        | 13,285        |
| Operating Income  | 5,617         | 2,859         |
| Net Income  | <u>2,379</u>  | <u>234</u>    |
| Net Income Per Share  | <u>\$0.09</u> | <u>\$0.01</u> |
| <br>  |               |               |
| Weighted Average Number of Common and<br>Common Equivalent Shares Outstanding | <u>26,830</u> | <u>20,593</u> |
| <br>  |               |               |
| <b><u>SIX MONTHS ENDED JUNE 30:</u></b>                                       | <u>1996</u>   | <u>1995</u>   |
|   | (Unaudited)   |               |
| Revenue   | \$248,140     | \$179,718     |
| Gross Profit  | 32,590        | 29,054        |
| Selling, General and Administrative Expense <sup>(1)</sup>                    | 23,119        | 20,966        |
| Operating Income  | 9,471         | 8,088         |
| Net Income  | <u>3,709</u>  | <u>1,521</u>  |
| Net Income Per Share  | <u>\$0.14</u> | <u>\$0.08</u> |
| <br>  |               |               |
| Weighted Average Number of Common and<br>Common Equivalent Shares Outstanding | <u>26,757</u> | <u>18,135</u> |

**Note:**

(1) Selling, general and administrative expenses for the three and six months ended June 30, 1995, include 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. Without such charge, the Company's earnings per share for the three and six months ended June 30, 1995 would have been \$0.13 and \$0.21, respectively.

# THE HISTORY OF THE CITY OF BOSTON

The history of the city of Boston is a story of growth and resilience. From its founding as a small settlement of Puritan settlers in 1630, it has evolved into one of the most important and vibrant cities in the United States. The city's early years were marked by a strong sense of community and a commitment to education and industry. Over the centuries, Boston has been a center of intellectual and cultural life, producing many of the nation's most influential leaders and thinkers. The city's location on a natural harbor made it a key port and a center of trade, which helped to fuel its economic growth. Today, Boston is a global city, known for its world-class universities, its rich cultural scene, and its commitment to innovation and progress. The city's history is a testament to the power of human ingenuity and the ability of a community to overcome adversity and thrive.



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## **OHM CORPORATION REPORTS FINANCIAL RESULTS FOR Q4 AND FY95 GAINS IN GOVERNMENT OFFSET WEAK PRIVATE SECTOR CONTRACT BACKLOG UP 13%**

**FINDLAY, OHIO, February 13, 1996**--OHM Corporation (NYSE:OHM), a leading hazardous waste remediation firm, today reported fourth-quarter net income rose 11 percent to \$2.1 million, or 8 cents per share, compared with pro forma \$1.9 million, or 12 cents per share, a year ago on about 71 percent more shares outstanding in the 1995 period. Net revenues for the quarter ended December 31, 1995, climbed 48 percent to \$87.3 million from \$59.1 million for the fourth quarter of 1994.

For the year ended December 31, 1995, pro forma net income was \$9.1 million, or 40 cents per share, a 24 percent increase over 1994's pro forma \$7.4 million, or 47 cents per share. OHM had 45 percent more shares outstanding in 1995. Pro forma results exclude a \$3.9 million pre-tax charge recorded in the second-quarter of 1995 for costs related to the acquisition of the hazardous and nuclear waste remediation businesses of Rust International Inc. For 1994, pro forma results exclude a fourth-quarter \$25 million pre-tax reserve for accounts receivable. Reported earnings for fiscal 1995 were \$6.8 million, or 30 cents per share, compared with a loss of \$7.6 million, or 49 cents per share, for 1994. Net revenues for 1995, were up 25 percent to \$307.4 million, compared with pro forma net revenues of \$245.3 million in 1994.

### **Gains in Government Business Offset Weak Private Sector**

"Our government business has continued to meet expectations, with a 64 percent increase in net revenues during the fourth quarter and a 61 percent increase for the year," said James L. Kirk, Chairman, President and Chief Executive Officer of OHM. "We expect this strength to continue in 1996, as we should benefit from several major government contracts awarded in 1995 having a potential value of approximately \$350 million over the next three to five years. One third of the amount awarded is for work at DOE facilities, an emerging market for OHM." The Company reported that government business accounted for 74 percent of OHM's net revenue for 1995, up from 58 percent in 1994.

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These gains, however, were offset largely by the disappointing revenues from the private sector which dropped 24 percent in 1995. Hardest hit was the Rust business acquired in June, which depended on the private sector for 88 percent of its revenues. Despite the Company's stepped-up marketing and cost-cutting efforts, it was unable to overcome the significant revenue shortfalls of the private sector.

"On a positive note, the Rust acquisition has strengthened our financial position, provided greater resources to support our operations and enhanced our competitive position in seeking work at Department of Energy facilities, a key market for OHM's future growth," said Kirk.

### **Increased Contract Backlog**

OHM reported that total contract backlog grew to \$2.0 billion, up 13 percent from \$1.8 billion at year-end 1994. The obligated portion of its contract backlog, representing firm commitments and delivery orders under government term contracts, was \$445 million at December 31, 1995, up 75 percent from a year ago.

Kirk said, "We are pleased that we have been able to replace most of the backlog worked off during the year with new contract awards." Kirk added, "While a portion of the obligated backlog is for multi-year projects, it is gratifying to enter 1996 with nearly as much obligated work as we produced in gross revenues for 1995." OHM's contract backlog principally includes multi-year term contracts with the Department of Defense (DOD), which are primarily funded by the military's Base Realignment and Closure program which has broad-based, bipartisan support from Congress. The DOD is spending money under this program. During 1995, OHM realized \$337 million in delivery orders from its government term contracts, 44 percent more than the \$234 million of delivery orders received in 1994.

### **Government Sector Remains Strong**

"Despite the ongoing budget debate in Congress and funding reductions that have been enacted so far, OHM expects the government sector to continue to be a growing revenue source. The federal government's shift in emphasis to cleanup from site studies also means major bidding opportunities for OHM in addition to the \$700 million of proposals outstanding and awaiting reply," Kirk said.

The Defense Department's BRAC (Base Realignment and Closure) program, the primary source of OHM's contract backlog, has not been reduced under budget allocations for 1996. Although DERA (Defense Environmental Restoration Account) has been cut 10 percent, the Company doesn't expect a negative impact because of the Defense Department's goal of spending 80 percent of its funding on actual cleanup by the end of fiscal year 1997. The Company anticipates the result will be more money available for OHM work. The Company expects the Defense Department to be its greatest source of revenue, near term and it sees approximately \$900 million in term contract opportunities during the coming year.

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

(In Thousands, Except Per Share Data)

| <b><u>THREE MONTHS ENDED DECEMBER 31:</u></b>                                 | 1995        |  | 1994        |                          |
|---|-------------|--|-------------|--------------------------|
|   | Reported    |  | Reported    | Pro Forma <sup>(2)</sup> |
|   | (Unaudited) |  | (Unaudited) |                          |
| Gross Revenues  | \$142,321   |  | \$62,356    | \$87,356                 |
| Net Revenues  | 87,317      |  | 34,096      | 59,096                   |
| Gross Profit (Loss)   | 16,651      |  | (11,886)    | 13,114                   |
| Selling, General and Administrative Expense                                   | 11,909      |  | 8,259       | 8,259                    |
| Operating Income (Loss)   | 4,742       |  | (20,145)    | 4,855                    |
| Net Income (Loss)   | 2,099       |  | (13,105)    | 1,895                    |
| Net Income (Loss) Per Share   | \$0.08      |  | (\$0.84)    | \$0.12                   |
| Weighted Average Number of Common and<br>Common Equivalent Shares Outstanding | 26,701      |  | 15,612      | 15,612                   |

| <b><u>TWELVE MONTHS ENDED DECEMBER 31:</u></b>                                | 1995      |                          | 1994        |                          |
|---|-----------|--------------------------|-------------|--------------------------|
|   | Reported  | Pro Forma <sup>(1)</sup> | Reported    | Pro Forma <sup>(2)</sup> |
|   |           | (Unaudited)              | (Unaudited) |                          |
| Gross Revenues  | \$457,925 | \$457,925                | \$323,381   | \$348,381                |
| Net Revenues  | 307,421   | 307,421                  | 220,267     | 245,267                  |
| Gross Profit  | 64,776    | 64,776                   | 27,222      | 52,222                   |
| Selling, General and Administrative Expense                                   | 45,223    | 41,369                   | 32,281      | 32,281                   |
| Operating Income (Loss)   | 19,553    | 23,407                   | (5,059)     | 19,941                   |
| Net Income (Loss)   | 6,807     | 9,119                    | (7,616)     | 7,384                    |
| Net Income (Loss) Per Share   | \$0.30    | \$0.40                   | (\$0.49)    | \$0.47                   |
| Weighted Average Number of Common and<br>Common Equivalent Shares Outstanding | 22,525    | 22,525                   | 15,582      | 15,582                   |

**Notes:**

(1) Pro Forma amounts for the twelve months ended December 31, 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.

(2) Pro Forma amounts for the three and twelve months ended December 31, 1994, exclude the effects of a \$25 million pre-tax charge to establish a reserve for accounts receivable, primarily where such accounts are in litigation, including projects performed by the Company for Citgo Petroleum Company and Occidental Chemical Corporation.

In the long term, OHM views the Department of Energy as its largest future revenue source, with approximately \$800 million in bidding opportunities during 1996. The Company indicates there was no reduction in DOE's environmental restoration budget, and the focus is shifting to site cleanup.

### **Superfund Reauthorization Could Increase Demand for Remediation**

Although opportunities in the private sector remain uncertain largely because legislation reauthorizing the Superfund has not yet cleared Congress. Kirk said, "An adopted amendment in the House version of Superfund Reform (HR2500) could effectively quadruple the amount of money available for site cleanup. The amendment would require EPA to spend at least 75 percent of its RRRP (Response, Removal and Remediation Program) funds on actual cleanup. By FY99, that minimum would increase to 80 percent."

The Company reported this as a breakthrough because it marks the first time Congress has considered a measure that would mandate the amount of money EPA must spend on cleanup instead of administration, studies and other non-remediation activities. It could potentially increase cleanup funding to \$1.0 billion a year from approximately \$240 million. Indications are that the amendment is noncontroversial, and the Company is hopeful it will become a part of the comprehensive Superfund legislation.

### **1996 Outlook**

Kirk said, "Cold weather in January and the government shutdown had a negative impact on projects under way as well as on the timing of delivery orders for new work under term contracts. It will be difficult to meet or exceed the Company's earnings per share of 8 cents reported in the first quarter of 1995 and the pro forma 13 cents for the second quarter of 1995. Through a combination of growth in revenues and controlling our costs, however, we expect the second half of 1996 to begin to show a year-over-year improvement in earnings per share."

With 26 years experience and the completion of approximately 30,000 projects, OHM provides a broad range of treatment technologies to clean up hazardous waste sites through its more than 30 offices nationwide. The Company's client base includes 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, as well as private sector clients in the petroleum, chemical, transportation and general manufacturing industries.

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