US ECOLOGY, INC.
Form 10-Q
May 04, 2015
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2015

or

o TRANSITION REPORT PURSUANT TO Section 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to .

Commission file number: 0000-11688

US ECOLOGY, INC.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**95-3889638** (I.R.S. Employer Identification No.)
251 E. Front St., Suite 400 **Boise, Idaho** (Address of principal executive offices)	**83702** (Zip Code)

Registrant s telephone number, including area code: **(208) 331-8400**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer x	Accelerated filer o	Non-accelerated filer o	Smaller reporting company o
		(Do not check if a smaller reporting company)	

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes o No x

At April 29, 2015, there were 21,658,957 shares of the registrant s Common Stock outstanding.

Table of Contents

US ECOLOGY, INC.

FORM 10-Q

TABLE OF CONTENTS

Item		Page
	PART I FINANCIAL INFORMATION	**3**
1.	Financial Statements (Unaudited)	3
	Consolidated Balance Sheets as of March 31, 2015 and December 31, 2014	3
	Consolidated Statements of Operations for the three months ended March 31, 2015 and 2014	4
	Consolidated Statements of Comprehensive Income for the three months ended March 31, 2015 and 2014	5
	Consolidated Statements of Cash Flows for the three months ended March 31, 2015 and 2014	6
	Notes to Consolidated Financial Statements	7
	Report of Independent Registered Public Accounting Firm	20
2.	Management s Discussion and Analysis of Financial Condition and Results of Operations	21
3.	Quantitative and Qualitative Disclosures About Market Risk	31
4.	Controls and Procedures	31
	PART II OTHER INFORMATION	**33**
	Cautionary Statement	33
1.	Legal Proceedings	33
1A.	Risk Factors	33
2.	Unregistered Sales of Equity Securities and Use of Proceeds	34
3.	Defaults Upon Senior Securities	34
4.	Mine Safety Disclosures	34
5.	Other Information	34
6.	Exhibits	34
	SIGNATURE	35

Table of Contents

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

US ECOLOGY, INC.

CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In thousands, except par value amount)

	March 31, 2015	December 31, 2014 As Adjusted
Assets		
Current Assets:		
Cash and cash equivalents	$ 10,197	$ 22,971
Receivables, net	120,270	135,261
Prepaid expenses and other current assets	10,549	11,984
Income taxes receivable	4,683	6,912
Deferred income taxes	1,476	2,377
Total current assets	147,175	179,505
Property and equipment, net	221,918	227,684
Restricted cash and investments	5,756	5,729
Intangible assets, net	272,696	278,667
Goodwill	219,660	221,279
Other assets	10,623	11,308
Deferred income taxes		85
Total assets	$ 877,828	$ 924,257
Liabilities And Stockholders Equity		
Current Liabilities:		
Accounts payable	$ 18,112	$ 24,513
Deferred revenue	8,288	13,190
Accrued liabilities	32,194	36,251
Accrued salaries and benefits	9,900	13,322
Income taxes payable	3,062	4,124
Current portion of closure and post-closure obligations	5,703	5,359
Current portion of long-term debt	3,616	3,828
Total current liabilities	80,875	100,587
Long-term closure and post-closure obligations	67,461	67,511
Long-term debt	369,079	390,825
Other long-term liabilities	6,479	4,336
Deferred income taxes	105,865	109,661

Total liabilities		629,759	672,920
Commitments and contingencies			
Stockholders Equity:			
Common stock $0.01 par value, 50,000 authorized; 21,659 and 21,632 shares issued, respectively		217	216
Additional paid-in capital		165,845	165,524
Retained earnings		95,272	93,301
Treasury stock, at cost, 0 and 1 shares, respectively		(5)	(18)
Accumulated other comprehensive income (loss)		(13,260)	(7,686)
Total stockholders equity		248,069	251,337
Total liabilities and stockholders equity	$	877,828	$ 924,257

The accompanying notes are an integral part of these financial statements.

Table of Contents

US ECOLOGY, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(In thousands, except per share amounts)

	Three Months Ended March 31, 2015		2014	
Revenue	$	136,651	$	53,354
Direct operating costs		96,807		31,234
Gross profit		39,844		22,120
Selling, general and administrative expenses		24,893		6,636
Operating income		14,951		15,484
Other income (expense):				
Interest income		41		44
Interest expense		(5,694)		(86)
Foreign currency loss		(1,067)		(940)
Other		536		86
Total other income (expense)		(6,184)		(896)
Income before income taxes		8,767		14,588
Income tax expense		2,902		5,227
Net income	$	5,865	$	9,361
Earnings per share:				
Basic	$	0.27	$	0.44
Diluted	$	0.27	$	0.43
Shares used in earnings per share calculation:				
Basic		21,583		21,475
Diluted		21,689		21,586
Dividends paid per share	$	0.18	$	0.18

The accompanying notes are an integral part of these financial statements.

Table of Contents

US ECOLOGY, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

(In thousands)

	Three Months Ended March 31,	
	2015	2014
Net income	$ 5,865	$ 9,361
Other comprehensive income (loss):		
Foreign currency translation loss	(4,173)	(1,479)
Unrealized loss on interest rate hedge, net of taxes of $754	(1,401)	
Comprehensive income, net of tax	$ 291	$ 7,882

The accompanying notes are an integral part of these financial statements.

Table of Contents

US ECOLOGY, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(In thousands)

	Three Months Ended March 31,	
	2015	**2014**
Cash flows from operating activities:		
Net income	$ 5,865	$ 9,361
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of property and equipment	7,479	3,839
Amortization of intangible assets	3,302	352
Accretion of closure and post-closure obligations	1,035	330
Unrealized foreign currency loss	1,754	1,452
Deferred income taxes	(1,193)	(460)
Share-based compensation expense	463	270
Unrecognized tax benefits		3
Net loss on disposal of property and equipment	953	8
Amortization of debt discount	37	
Changes in assets and liabilities:		
Receivables	14,143	1,259
Income taxes receivable	2,229	
Other assets	2,060	882
Accounts payable and accrued liabilities	(6,281)	(2,142)
Deferred revenue	(4,393)	(1,164)
Accrued salaries and benefits	(3,256)	(1,994)
Income taxes payable	(981)	783
Closure and post-closure obligations	(583)	(114)
Net cash provided by operating activities	22,633	12,665
Cash flows from investing activities:		
Purchases of property and equipment	(9,231)	(4,775)
Purchases of restricted cash and investments	(816)	(14)
Proceeds from sale of restricted cash and investments	790	
Proceeds from sale of property and equipment	160	6
Net cash used in investing activities	(9,097)	(4,783)
Cash flows from financing activities:		
Payments on long-term debt	(21,994)	
Dividends paid	(3,894)	(3,874)
Proceeds from exercise of stock options	126	174
Other	(255)	(65)
Net cash used in financing activities	(26,017)	(3,765)
Effect of foreign exchange rate changes on cash	(293)	(139)
Increase (decrease) in cash and cash equivalents	(12,774)	3,978
Cash and cash equivalents at beginning of period	22,971	73,940
Cash and cash equivalents at end of period	$ 10,197	$ 77,918

Supplemental Disclosures				
Income taxes paid, net of receipts	$	3,241	$	4,934
Interest paid	$	4,979	$	40
Non-cash investing and financing activities:				
Closure and post-closure retirement asset	$		$	2,863
Capital expenditures in accounts payable	$	2,112	$	419
Restricted stock issued from treasury shares	$	272	$	118

The accompanying notes are an integral part of these financial statements.

Table of Contents

US ECOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

NOTE 1. GENERAL

Basis of Presentation

The accompanying unaudited consolidated financial statements include the results of operations, financial position and cash flows of US Ecology, Inc. and its wholly-owned subsidiaries. All significant intercompany balances have been eliminated. Throughout these financial statements words such as we, us, our, US Ecology and the Company refer to US Ecology, Inc. and its subsidiaries.

In the opinion of management, the accompanying unaudited consolidated financial statements include all adjustments necessary to present fairly, in all material respects, the results of the Company for the periods presented. These consolidated financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States (GAAP) have been omitted pursuant to the rules and regulations of the SEC. These consolidated financial statements should be read in conjunction with the consolidated financial statements and accompanying notes included in the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2014. The results of operations and cash flows for the three months ended March 31, 2015 are not necessarily indicative of results to be expected for the entire fiscal year.

The Company s Consolidated Balance Sheet as of December 31, 2014 has been derived from the Company s audited Consolidated Balance Sheet as of that date and has been revised for purchase price measurement period adjustments related to the acquisition of EQ as disclosed in Note 2. Business Combination.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ materially from the estimates and assumptions that we use in the preparation of our financial statements. As it relates to estimates and assumptions in amortization rates and environmental obligations, significant engineering, operations and accounting judgments are required. We review these estimates and assumptions no less than annually. In many circumstances, the ultimate outcome of these estimates and assumptions will not be known for decades into the future. Actual results could differ materially from these estimates and assumptions due to changes in applicable regulations, changes in future operational plans and inherent imprecision associated with estimating environmental impacts far into the future.

Restricted Cash and Investments

Restricted cash and investments represent funds held in third-party managed trust accounts as collateral for our financial assurance obligations for post-closure activities at our non-operating facilities. These funds are invested in fixed-income U.S. Treasury and government agency securities and money market accounts. The balances are adjusted monthly to fair market value based on quoted prices in active markets for identical or similar assets.

Recently Issued Accounting Pronouncements

In April 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2015-03 *Simplifying the Presentation of Debt Issuance Costs*, which changes the presentation of debt issuance costs in the financial statements. Under the standard, debt issuance costs are presented in the balance sheet as a direct deduction from the related debt liability rather than as an asset. The guidance is effective for annual and interim reporting periods beginning after December 15, 2015. We do not believe the adoption of this update will have a material effect on our financial position and results of operations.

In May 2014, the FASB issued ASU No. 2014-09 *Revenue from Contracts with Customers*, which provides guidance for revenue recognition. The standard s core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. At its April 1, 2015, meeting, the FASB agreed to propose a one-year deferral of the revenue recognition standard s effective date for all entities. The FASB intends to issue an exposure draft in the near term with a 30-day comment period. The Company is currently assessing the potential impact of ASU No. 2014-09 on its consolidated financial statements.

Table of Contents

NOTE 2. BUSINESS COMBINATION

On June 17, 2014, the Company acquired 100% of the outstanding shares of EQ Holdings, Inc. and its wholly-owned subsidiaries (collectively EQ). EQ is a fully integrated environmental services company providing waste treatment and disposal, wastewater treatment, remediation, recycling, industrial cleaning and maintenance, transportation, total waste management, technical services, and emergency response services to a variety of industries and customers in North America. The total purchase price was $460.9 million, net of cash acquired, and was funded through a combination of cash on hand and borrowings under a new $415.0 million term loan.

We have recognized the assets and liabilities of EQ based on our preliminary estimates of their acquisition date fair values. The preliminary purchase price allocations are subject to change as additional information becomes available concerning the fair value and tax basis of the assets acquired and liabilities assumed. Any adjustments to the purchase price allocations are made as soon as practicable but no later than one year from the acquisition date. The following table summarizes the consideration paid for EQ and the preliminary fair value estimates of assets acquired and liabilities assumed recognized at the acquisition date, with purchase price allocation adjustments since the preliminary purchase price allocation as previously disclosed as of December 31, 2014:

	Purchase Price Allocation		
$s in thousands	**As Reported in Form 10-K**	**Adjustments**	**As Retrospectively Adjusted**
Current assets	$ 111,982	$ 294	$ 112,276
Property and equipment	101,543		101,543
Identifiable intangible assets	252,874		252,874
Current liabilities	(57,585)	(727)	(58,312)
Other liabilities	(139,331)	(3,674)	(143,005)
Total identifiable net assets	269,483	(4,107)	265,376
Goodwill	197,163	4,107	201,270
Total purchase price	$ 466,646	$	$ 466,646

Purchase price allocation adjustments relate primarily to the receipt of additional information regarding the fair values of income taxes payable and receivable, deferred income taxes and residual goodwill.

Goodwill of $201.3 million arising from the acquisition is the result of several factors. EQ has an assembled workforce that serves the U.S. industrial market utilizing state-of-the-art technology to treat a wide range of industrial and hazardous waste. The acquisition of EQ increases our geographic base providing a coast-to-coast presence and an expanded service platform to better serve key North American hazardous waste markets. In addition, the acquisition of EQ provides us with an opportunity to compete for additional waste clean-up project work; expand penetration with national accounts; improve and enhance transportation, logistics, and service offerings with existing customers and attract new customers. $134.9 million of the goodwill recognized was allocated to reporting units in our Environmental Services segment and $66.4 million of the goodwill recognized was allocated to reporting units in our Field & Industrial Services segment. None of the goodwill recognized is expected to be deductible for income tax purposes.

Table of Contents

The preliminary fair value estimate of identifiable intangible assets by major intangible asset class and related weighted average amortization period are as follows:

$s in thousands		Fair Value	Weighted Average Amortization Period (Years)
Customer relationships	$	98,400	15
Permits and licenses		89,600	45
Permits and licenses, nonamortizing		49,000	
Tradename		5,481	3
Customer backlog		4,600	10
Developed software		3,443	9
Non-compete agreements		900	1
Internet domain and website		869	19
Database		581	15
Total identifiable intangible assets	$	252,874	

The following unaudited pro forma financial information presents the combined results of operations as if EQ had been combined with us at the beginning of each of the periods presented. The pro forma financial information includes the accounting effects of the business combination, including the amortization of intangible assets, depreciation of property, plant and equipment, and interest expense. The unaudited pro forma financial information is presented for informational purposes only and is not indicative of the results of operations that would have been achieved if the acquisition had taken place at the beginning of the periods presented, nor should it be taken as indication of our future consolidated results of operations.

$s in thousands, except per share amounts		(unaudited) Three Months Ended March 31, 2014
Pro forma combined:		
Revenue	$	138,075
Net income	$	6,856
Earnings per share		
Basic	$	0.32
Diluted	$	0.32

The amounts of revenue and operating income from EQ included in the Company s consolidated statements of operations for the three months ended March 31, 2015 were $84.6 million and $3.5 million, respectively. Acquisition-related costs of $782,000 are included in Selling, general and administrative expenses in the Company s consolidated statements of operations for the three months ended March 31, 2015.

NOTE 3. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Changes in accumulated other comprehensive income (loss) consisted of the following:

$s in thousands	**Three Months Ended March 31, 2015**	**2014**
Balance, beginning of period	**$ (7,686)**	**$ (1,785)**
Foreign currency translation loss	(4,173)	(1,479)
Unrealized loss on interest rate hedge, net of taxes of $754	(1,401)	
Balance, end of period	**$ (13,260)**	**$ (3,264)**

Table of Contents

NOTE 4. CONCENTRATIONS AND CREDIT RISK

Major Customers

No customer accounted for more than 10% of total revenue for the three months ended March 31, 2015. Revenue from a single customer accounted for approximately 11% of total revenue for the three months ended March 31, 2014. No customer accounted for more than 10% of total trade receivables as of March 31, 2015 or December 31, 2014.

Credit Risk Concentration

We maintain most of our cash and cash equivalents with nationally recognized financial institutions like Wells Fargo Bank, National Association (Wells Fargo) and Comerica, Inc. Substantially all balances are uninsured and are not used as collateral for other obligations. Concentrations of credit risk on accounts receivable are believed to be limited due to the number, diversification and character of the obligors and our credit evaluation process.

NOTE 5. RECEIVABLES

Receivables consisted of the following:

$s in thousands		**March 31, 2015**		**December 31, 2014**
Trade	$	99,393	$	116,218
Unbilled revenue		19,535		17,857
Other		1,951		1,890
Total receivables		120,879		135,965
Allowance for doubtful accounts		(609)		(704)
Receivables, net	$	120,270	$	135,261

NOTE 6. FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Assets and liabilities recorded at fair value are categorized using defined hierarchical levels directly related to the amount of subjectivity associated with the inputs to fair value measurements, as follows:

Level 1 - Quoted prices in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable;

Level 3 - Unobservable inputs in which little or no market activity exists, requiring an entity to develop its own assumptions that market participants would use to value the asset or liability.

The Company s financial instruments consist of cash and cash equivalents, accounts receivable, restricted cash and investments, accounts payable, accrued liabilities, debt and interest rate swap agreements. The estimated fair value of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate their carrying value due to the short-term nature of these instruments.

The Company estimates the fair value of its variable-rate debt using Level 2 inputs, such as interest rates, related terms and maturities of similar obligations. The fair value of the Company s debt approximated its carrying amount as of March 31, 2015.

Table of Contents

The Company s assets and liabilities measured at fair value on a recurring basis consisted of the following:

	March 31, 2015			
$s in thousands	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
Assets:				
Fixed-income securities (1)	$ 401	$ 3,618	$	$ 4,019
Money market funds (2)	$ 1,737	$	$	$ 1,737
Total	$ 2,138	$ 3,618	$	$ 5,756
Liabilities:				
Interest rate swap agreement (3)	$	$ 5,291	$	$ 5,291
Total	$	$ 5,291	$	$ 5,291

	December 31, 2014			
$s in thousands	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
Assets:				
Fixed-income securities (1)	$ 400	$ 3,590	$	$ 3,990
Money market funds (2)	$ 1,739	$	$	$ 1,739
Total	$ 2,139	$ 3,590	$	$ 5,729
Liabilities:				
Interest rate swap agreement (3)	$	$ 3,136	$	$ 3,136
Total	$	$ 3,136	$	$ 3,136

(1) We invest a portion of our Restricted cash and investments in fixed-income securities, including U.S. Treasury and U.S. agency securities. We measure the fair value of U.S. Treasury securities using quoted prices for identical assets in active markets. We measure the fair value of U.S. agency securities using observable market activity for similar assets. The fair value of our fixed-income securities approximates our cost basis in the investments.

(2) We invest a portion of our Restricted cash and investments in money market funds. We measure the fair value of these money market fund investments using quoted prices for identical assets in active markets.

(3) In order to manage interest rate exposure, we entered into an interest rate swap agreement in October 2014 that effectively converts a portion of our variable-rate debt to a fixed interest rate. The swap is designated as a cash flow hedge, with gains and losses deferred in other comprehensive income to be recognized as an adjustment to interest expense in the same period that the hedged interest payments affect earnings. The interest rate swap has an effective date of December 31, 2014 in an initial notional amount of $250.0 million. The fair value of the interest rate swap agreement represents the difference in the present value of cash flows calculated (i) at the contracted interest rates and (ii) at current market interest rates at the end of the period. We calculate the fair value of interest rate swap agreements quarterly based on the quoted market price for the same or similar financial instruments. The fair value of the interest rate swap agreement is included in Other long-term liabilities in the Company s consolidated balance sheet.

11

Table of Contents

NOTE 7. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

$s in thousands	March 31, 2015	December 31, 2014
Cell development costs	$ 120,344	$ 120,878
Land and improvements	33,258	33,002
Buildings and improvements	72,544	74,518
Railcars	17,375	17,375
Vehicles and other equipment	99,664	98,877
Construction in progress	11,546	10,831
Total property and equipment	354,731	355,481
Accumulated depreciation and amortization	(132,813)	(127,797)
Property and equipment, net	$ 221,918	$ 227,684

Depreciation and amortization expense for the three months ended March 31, 2015 and 2014 was $7.5 million and $3.8 million, respectively.

NOTE 8. GOODWILL AND INTANGIBLE ASSETS

Changes in goodwill for the three months ended March 31, 2015 consisted of the following:

$s in thousands	December 31, 2014 (1)	Foreign Currency Translation	March 31, 2015
Goodwill:			
Environmental Services	$ 154,855	$ (1,619)	$ 153,236
Field & Industrial Services	66,424		66,424
Total goodwill	$ 221,279	$ (1,619)	$ 219,660

(1) Balances have been revised to reflect purchase accounting measurement period adjustments related to the acquisition of EQ as disclosed in Note 2. Business Combination.

Table of Contents

Intangible assets consisted of the following:

$s in thousands		March 31, 2015		December 31, 2014
Amortizing intangible assets:				
Permits, licenses and lease	$	111,604	$	113,693
Customer relationships		102,783		103,086
Technology - formulae and processes		7,164		7,844
Customer backlog		4,600		4,600
Tradename		5,482		5,481
Developed software		3,718		3,745
Non-compete agreements		920		920
Internet domain and website		869		869
Database		660		667
Total amortizing intangible assets		237,800		240,905
Accumulated amortization		(14,987)		(12,135)
Nonamortizing intangible assets:				
Permits and licenses		49,750		49,750
Tradename		133		147
Total intangible assets, net	$	272,696	$	278,667

At March 31, 2015, the net carrying amounts of goodwill and amortizing intangible assets include preliminary estimates of $201.3 million and $252.9 million, respectively, as a result of our acquisition of EQ.

NOTE 9. DEBT

Long-term debt consisted of the following:

$s in thousands		March 31, 2015		December 31, 2014
Term loan	$	373,621	$	395,616
Net discount on term loan		(926)		(963)
Total debt		372,695		394,653
Current portion of long-term debt		(3,616)		(3,828)
Long-term debt	$	369,079	$	390,825

On June 17, 2014, in connection with the acquisition of EQ, the Company entered into a new $540.0 million senior secured credit agreement (the Credit Agreement) with a syndicate of banks comprised of a $415.0 million term loan (the Term Loan) with a maturity date of June 17, 2021 and a $125.0 million revolving line of credit (the Revolving Credit Facility) with a maturity date of June 17, 2019. Upon entering into the Credit Agreement, the Company terminated its existing credit agreement with Wells Fargo, dated October, 29, 2010, as amended (the Former Agreement). Immediately prior to the termination of the Former Agreement, there were no outstanding borrowings under the Former Agreement. No early termination penalties were incurred as a result of the termination of the Former Agreement.

Term Loan

The Term Loan provides an initial commitment amount of $415.0 million, the proceeds of which were used to acquire 100% of the outstanding shares of EQ and pay related transaction fees and expenses. The Term Loan bears interest at a base rate (as defined in the Credit Agreement) plus 2.00% or LIBOR plus 3.00%, at the Company s option. The Term Loan is subject to amortization in equal quarterly installments in an aggregate annual amount equal to 1.00% of the original principal amount of the Term Loan. At March 31, 2015, the effective interest rate on the Term Loan was 3.75%. Interest only payments are due either monthly or on the last day of any interest period, as applicable. As set forth in the Credit Agreement, the Company is required to enter into one or more interest rate hedge agreements in amounts sufficient to fix the interest rate on at least 50% of the principal amount of the $415.0 million Term Loan. In October 2014, the Company entered into an interest rate swap agreement with Wells Fargo, effectively fixing the interest rate on $250.0 million, or 67%, of the Term Loan principal outstanding as of March 31, 2015.

Table of Contents

Revolving Credit Facility

The Revolving Credit Facility provides up to $125.0 million of revolving credit loans or letters of credit with the use of proceeds restricted solely for working capital and other general corporate purposes. Under the Revolving Credit Facility, revolving loans are available based on a base rate (as defined in the Credit Agreement) or LIBOR, at the Company s option, plus an applicable margin which is determined according to a pricing grid under which the interest rate decreases or increases based on our ratio of funded debt to earnings before interest, taxes, depreciation and amortization (EBITDA). The Company is required to pay a commitment fee of 0.50% per annum on the unused portion of the Revolving Credit Facility, with such commitment fee to be reduced based upon the Company s total leverage ratio as defined in the Credit Agreement. The maximum letter of credit capacity under the new revolving credit facility is $50.0 million and the Credit Agreement provides for a letter of credit fee equal to the applicable margin for LIBOR loans under the Revolving Credit Facility. Interest only payments are due either monthly or on the last day of any interest period, as applicable. At March 31, 2015, there were no borrowings outstanding on the Revolving Credit Facility. The availability under the Revolving Credit Facility was $90.9 million with $34.1 million of the Revolving Credit Facility issued in the form of standby letters of credit utilized as collateral for closure and post-closure financial assurance and other assurance obligations.

Except as set forth below, the Company may prepay the Term Loan or permanently reduce the Revolving Credit Facility commitment under the Credit Agreement at any time without premium or penalty (other than customary breakage costs with respect to the early termination of LIBOR loans). On or prior to six months after the closing of the Credit Agreement, if we prepay the initial term loans or amend the pricing terms of the initial term loans, in each case in connection with a reduction of the effective yield, we are required to pay a 1% prepayment premium (unless in connection with a change of control, sale or permitted acquisition). Subject to certain exceptions, the Credit Agreement provides for mandatory prepayment upon certain asset dispositions, casualty events and issuances of indebtedness. The Credit Agreement is also subject to mandatory annual prepayments commencing in December 2015 if our total leverage (defined as the ratio of our consolidated funded debt as of the last day of the applicable fiscal year to our adjusted EBITDA for such period) exceeds certain ratios as follows: 50% of our adjusted excess cash flow (as defined in the Credit Agreement and which takes into account certain adjustments) if our total leverage ratio is greater than 2.50 to 1.00, with step-downs to 0% if our total leverage ratio is equal to or less than 2.50 to 1.00.

Pursuant to (i) an unconditional guarantee agreement (the Guarantee) and (ii) a collateral agreement (the Collateral Agreement), each entered into by the Company and its domestic subsidiaries on June 17, 2014, the Company s obligations under the Credit Agreement are jointly and severally and fully and unconditionally guaranteed on a senior basis by all of the Company s existing and certain future domestic subsidiaries and the Credit Agreement is secured by substantially all of the Company s and its domestic subsidiaries assets except the Company s and its domestic subsidiaries real property.

The Credit Agreement contains customary restrictive covenants, subject to certain permitted amounts and exceptions, including covenants limiting the ability of the Company to incur additional indebtedness, pay dividends and make other restricted payments, repurchase shares of our outstanding stock and create certain liens. We may only declare quarterly or annual dividends if on the date of declaration, no event of default has occurred and no other event or condition has occurred that would constitute default due to the payment of the dividend.

The Credit Agreement also contains a financial maintenance covenant, which is a maximum Consolidated Senior Secured Leverage Ratio, as defined in the Credit Agreement, and is only applicable to the Revolving Credit Facility. Our Consolidated Senior Secured Leverage Ratio as of the last day of any fiscal quarter, commencing with June 30, 2014, may not exceed the ratios indicated below:

Fiscal Quarters Ending	**Maximum Ratio**
June 30, 2014 through September 30, 2015	4.00 to 1.00

December 31, 2015 through September 30, 2016	3.75 to 1.00
December 31, 2016 through September 30, 2017	3.50 to 1.00
December 31, 2017 through September 30, 2018	3.25 to 1.00
December 31, 2018 and thereafter	3.00 to 1.00

Table of Contents

At March 31, 2015, we were in compliance with all of the financial covenants in the Credit Agreement.

NOTE 10. CLOSURE AND POST-CLOSURE OBLIGATIONS

Our accrued closure and post-closure obligations represent the expected future costs, including corrective actions, associated with closure and post-closure of our operating and non-operating disposal facilities. Liabilities are recorded when work is probable and the costs can be reasonably estimated. We perform periodic reviews of both non-operating and operating facilities and revise accruals for estimated closure and post-closure, remediation or other costs as necessary. Recorded liabilities are based on our best estimates of current costs and are updated periodically to include the effects of existing technology, presently enacted laws and regulations, inflation and other economic factors.

Changes to closure and post-closure obligations consisted of the following:

$s in thousands		**Three Months Ended March 31, 2015**
Closure and post-closure obligations, beginning of period	$	72,870
Accretion expense		1,035
Payments		(583)
Currency translation		(158)
Closure and post-closure obligations, end of period		73,164
Less current portion		(5,703)
Long-term portion	$	67,461

NOTE 11. INCOME TAXES

Our effective tax rate for the three months ended March 31, 2015 was 33.1%, down from 35.8% for the three months ended March 31, 2014. The decrease for the three months ended March 31, 2015 primarily reflects a higher proportion of earnings from our Canadian operations, which are taxed at a lower corporate tax rate.

We file a consolidated U.S. federal income tax return with the Internal Revenue Service as well as income tax returns in various states and Canada. We may be subject to examination by taxing authorities in the U.S. and Canada for tax years 2011 through 2013. Additionally, we may be subject to examinations by various state and local taxing jurisdictions for tax years 2009 through 2013.

Table of Contents

NOTE 12. EARNINGS PER SHARE

$s and shares in thousands, except per share amounts	Three Months Ended March 31, 2015 Basic	2015 Diluted	2014 Basic	2014 Diluted
Net income	$ 5,865	$ 5,865	$ 9,361	$ 9,361
Weighted average basic shares outstanding	21,583	21,583	21,475	21,475
Dilutive effect of stock options and restricted stock		106		111
Weighted average diluted shares outstanding		21,689		21,586
Earnings per share	$ 0.27	$ 0.27	$ 0.44	$ 0.43
Anti-dilutive shares excluded from calculation		215		36

Table of Contents

NOTE 13. EQUITY

During the three months ended March 31, 2015, option holders exercised 4,150 options with a weighted-average exercise price of $30.18 per option. During the three months ended March 31, 2015, the Company issued 5,811 shares of restricted stock from our treasury stock at an average cost of $46.82 per share.

NOTE 14. COMMITMENTS AND CONTINGENCIES

Litigation and Regulatory Proceedings

In the ordinary course of business, we are involved in judicial and administrative proceedings involving federal, state, provincial or local governmental authorities, including regulatory agencies that oversee and enforce compliance with permits. Fines or penalties may be assessed by our regulators for non-compliance. Actions may also be brought by individuals or groups in connection with permitting of planned facilities, modification or alleged violations of existing permits, or alleged damages suffered from exposure to hazardous substances purportedly released from our operated sites, as well as other litigation. We maintain insurance intended to cover property and damage claims asserted as a result of our operations. Periodically, management reviews and may establish reserves for legal and administrative matters, or other fees expected to be incurred in relation to these matters.

We are not currently a party to any material pending legal proceedings and are not aware of any other claims that could, individually or in the aggregate, have a materially adverse effect on our financial position, results of operations or cash flows.

NOTE 15. OPERATING SEGMENTS

Financial Information by Segment

Subsequent to our acquisition of EQ on June 17, 2014, we made changes to the manner in which we manage our business, make operating decisions and assess our performance. Under our new structure our operations are managed in two reportable segments reflecting our internal reporting structure and nature of services offered as follows:

Environmental Services - This segment includes all of the legacy US Ecology operations and the legacy EQ treatment and disposal facilities. It provides a broad range of hazardous material management services including transportation, recycling, treatment and disposal of hazardous and non-hazardous waste at Company-owned landfill, wastewater and other treatment facilities.

Field & Industrial Services - This segment includes all of the field and industrial service business of the legacy EQ operation. It provides packaging and collection of hazardous waste and total waste management solutions at customer sites and through our 10-day transfer facilities. Services include on-site management, waste characterization, transportation and disposal of non-hazardous and hazardous waste. This segment also provides specialty services such as high-pressure and chemical cleaning, centrifuge and materials processing, tank cleaning, decontamination, remediation, transportation, spill cleanup and emergency response and other services to commercial and industrial facilities and to government entities.

Prior to the acquisition of EQ, our operations were managed in two reportable segments: Operating Disposal Facilities and Non-Operating Disposal Facilities. The Operating Disposal Facility segment represented disposal facilities accepting hazardous and radioactive waste while the Non-Operating Disposal Facility segment represented facilities not accepting hazardous and/or radioactive waste or formerly proposed new facilities. All operations of both the former Operating Disposal Facilities and the Non-Operating Disposal Facilities segment are now included in the Environmental Services segment. None of the Company s operations prior to the acquisition of EQ have been assigned to the Field & Industrial Services segment.

The operations not managed through our two reportable segments are recorded as Corporate. Corporate selling, general and administrative expenses include typical corporate items such as legal, accounting and other items of a general corporate nature. Income taxes are assigned to Corporate, but all other items are included in the segment where they originated. Inter-company transactions have been eliminated from the segment information and are not significant between segments.

Table of Contents

Summarized financial information of our reportable segments is as follows:

	Three Months Ended March 31, 2015			
$s in thousands	**Environmental Services**	**Field & Industrial Services**	**Corporate**	**Total**
Revenue by Service Offering:				
Treatment & Disposal	$ 76,511	$	$	$ 76,511
Services	17,613	45,414		63,027
Intersegment	(2,699)	(188)		(2,887)
Total Revenue	$ 91,425	$ 45,226	$	$ 136,651
Depreciation, amortization and accretion	$ 8,671	$ 3,010	$ 135	$ 11,816
Capital expenditures	$ 6,935	$ 1,754	$ 542	$ 9,231
Total assets	$ 602,647	$ 208,733	$ 66,448	$ 877,828

	Three Months Ended March 31, 2014			
$s in thousands	**Environmental Services**	**Field & Industrial Services**	**Corporate**	**Total**
Revenue by Service Offering:				
Treatment & Disposal	$ 44,947	$	$	$ 44,947
Services	8,407			8,407
Intersegment				
Total Revenue	$ 53,354	$	$	$ 53,354
Depreciation, amortization and accretion	$ 4,507	$	$ 14	$ 4,521
Capital expenditures	$ 4,593	$	$ 182	$ 4,775
Total assets	$ 155,149	$	$ 145,007	$ 300,156

The primary financial measure used by management to assess segment performance is Adjusted EBITDA. Adjusted EBITDA is defined as net income before net interest expense, income tax expense, depreciation, amortization, stock based compensation, accretion of closure and post-closure liabilities, foreign currency gain/loss and other income/expense, which are not considered part of usual business operations. Adjusted EBITDA is a complement to results provided in accordance with accounting principles generally accepted in the United States (GAAP) and we believe that such information provides additional useful information to analysts, stockholders and other users to understand the Company s operating performance. Since Adjusted EBITDA is not a measurement determined in accordance with GAAP and is thus susceptible to varying calculations, Adjusted EBITDA as presented may not be comparable to other similarly titled measures of other companies. Items excluded from Adjusted EBITDA are significant components in understanding and assessing our financial performance. Adjusted EBITDA should not be considered in isolation or as an alternative to, or substitute for, net income, cash flows generated by operations, investing or financing activities, or other financial statement data presented in the consolidated financial statements as indicators of financial performance or liquidity. Adjusted EBITDA has limitations as an analytical tool and should not be considered in isolation or a substitute for analyzing our results as reported under GAAP. Some of the limitations are:

- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted EBITDA does not reflect our interest expense, or the requirements necessary to service interest or principal payments on our debt;
- Adjusted EBITDA does not reflect our income tax expenses or the cash requirements to pay our taxes;

- Adjusted EBITDA does not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments; and

- Although depreciation and amortization charges are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and Adjusted EBITDA does not reflect any cash requirements for such replacements.

Table of Contents

A reconciliation of Adjusted EBITDA to Net Income is as follows:

	Three Months Ended March 31,	
$s in thousands	**2015**	**2014**
Adjusted EBITDA:		
Environmental Services	$ 37,129	$ 24,044
Field & Industrial Services	3,109	
Corporate	(13,008)	(3,769)
Total	27,230	20,275
Reconciliation to Net income:		
Income tax expense	(2,902)	(5,227)
Interest expense	(5,694)	(86)
Interest income	41	44
Foreign currency loss	(1,067)	(940)
Other income	536	86
Depreciation and amortization of plant and equipment	(7,479)	(3,839)
Amortization of intangibles	(3,302)	(352)
Stock-based compensation	(463)	(270)
Accretion and non-cash adjustment of closure & post-closure liabilities	(1,035)	(330)
Net income	$ 5,865	$ 9,361

Revenue, Property and Equipment and Intangible Assets Outside of the United States

We provide services in the United States and Canada. Revenues by geographic location where the underlying services were performed were as follows:

	Three Months Ended March 31,	
$s in thousands	**2015**	**2014**
United States	$ 124,762	$ 37,270
Canada	11,889	16,084
Total revenue	$ 136,651	$ 53,354

Long-lived assets, comprised of property and equipment and intangible assets net of accumulated depreciation and amortization, by geographic location are as follows:

$s in thousands	**March 31, 2015**	**December 31, 2014**
United States	$ 440,421	$ 446,412
Canada	54,193	59,939
Total long-lived assets	$ 494,614	$ 506,351

NOTE 16. SUBSEQUENT EVENTS

Quarterly Dividend

On April 1, 2015, we declared a quarterly dividend of $0.18 per common share to stockholders of record on April 21, 2015. The dividend was paid using cash on hand on April 28, 2015 in an aggregate amount of $3.9 million.

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
US Ecology, Inc.
Boise, Idaho

We have reviewed the accompanying consolidated balance sheet of US Ecology, Inc. and subsidiaries (the Company) as of March 31, 2015, and the related consolidated statements of operations, comprehensive income, and cash flows for the three-month periods ended March 31, 2015 and 2014. This interim financial information is the responsibility of the Company s management.

We conducted our reviews in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial information taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to such consolidated interim financial information for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of US Ecology, Inc. and subsidiaries as of December 31, 2014, and the related consolidated statements of operations, comprehensive income, stockholders equity, and cash flows for the year then ended (not presented herein); and in our report dated March 2, 2015, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet as of December 31, 2014 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ Deloitte & Touche LLP

Boise, Idaho

May 4, 2015

Table of Contents

ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information contained in this section should be read in conjunction with our unaudited consolidated financial statements and related notes thereto appearing elsewhere in this quarterly report on Form 10-Q. In this report words such as we, us, our, US Ecology and the Company re to US Ecology, Inc. and its subsidiaries.

OVERVIEW

US Ecology, Inc. is a leading North American provider of environmental services to commercial and government entities. The Company addresses the complex waste management needs of its customers, offering treatment, disposal and recycling of hazardous, non-hazardous and radioactive waste, as well as a wide range of complementary field and industrial services. US Ecology s comprehensive knowledge of the waste business, its collection of waste management facilities combined and focus on safety, environmental compliance, and customer service enables us to effectively meet the needs of our customers and to build long-lasting relationships. Headquartered in Boise, Idaho, we are one of the oldest providers of such services in North America.

Prior to June 17, 2014, our operations consisted primarily of our six fixed facilities located near Beatty, Nevada; Richland, Washington; Robstown, Texas; Grand View, Idaho; Detroit, Michigan and Blainville, Québec, Canada. These facilities generate revenue from fees charged to treat and dispose of waste and from fees charged to perform various field and industrial services for our customers.

On June 17, 2014, the Company acquired 100% of the outstanding shares of EQ Holdings, Inc. and its wholly-owned subsidiaries (collectively EQ). EQ is a fully integrated environmental services company providing waste treatment and disposal, wastewater treatment, remediation, recycling, industrial cleaning and maintenance, transportation, total waste management, technical services, and emergency response services to a variety of industries and customers in North America.

As a result of our acquisition of EQ, we have made changes to the manner in which we manage our business, make operating decisions and assess our performance. Under our new structure our operations are managed in two reportable segments reflecting our internal management reporting structure and nature of services offered as follows:

Environmental Services - This segment includes all of the legacy US Ecology operations and the legacy EQ treatment and disposal facilities. It provides a broad range of hazardous material management services including transportation, recycling, treatment and disposal of hazardous and non-hazardous waste at Company-owned landfill, wastewater and other treatment facilities.

Field & Industrial Services - This segment includes all of the field and industrial service business of the legacy EQ operation. It provides packaging and collection of hazardous waste and total waste management solutions at customer sites and through our 10-day transfer facilities. Services include on-site management, waste characterization, transportation and disposal of non-hazardous and hazardous waste. This segment also provides specialty services such as high-pressure and chemical cleaning, centrifuge and materials processing, tank cleaning, decontamination, remediation, transportation, spill cleanup and emergency response and other services to commercial and industrial facilities

and to government entities.

Prior to the acquisition of EQ, our operations were managed in two reportable segments: Operating Disposal Facilities and Non-Operating Disposal Facilities. The Operating Disposal Facility segment represented disposal facilities accepting hazardous and radioactive waste while the Non-Operating Disposal Facility segment represented facilities not accepting hazardous and/or radioactive waste or formerly proposed new facilities. All operations of both the former Operating Disposal Facilities and the Non-Operating Disposal Facilities segment are now included in the Environmental Services segment. None of the Company s operations prior to the acquisition of EQ have been assigned to the Field & Industrial Services segment. Detailed financial information for our reportable segments can be found in Note 15 to the Unaudited Consolidated Financial Statements under Item 1. Financial Statements of this Form 10-Q.

CUSTOMERS

We divide our Environmental Services segment customers into categories to better evaluate period-to-period changes in our treatment and disposal (T&D) revenue based on service mix and type of business (recurring customer Base Business or waste clean-up project Event Business). Each of these categories is described in the table below, along with information on the percentage of total T&D revenues by category, for the three months ended March 31, 2015 and 2014.

Table of Contents

Customer Category	Description	% of Treatment and Disposal Revenue (1),(2) for the Three Months Ended March 31, 2015	2014
Broker	Companies that collect and aggregate waste from their direct customers, generally comprised of Base Business with periodic Event Business for larger projects.	47%	46%
Private Clean-up	Private sector clean-up project waste, typically Event Business.	17%	22%
Other industry	Electric utilities, chemical manufacturers, steel mill and other industrial customers not included in other categories, comprised of both Base and Event Business.	15%	17%
Refinery	Petroleum refinery customers, comprised of both Base and Event Business.	11%	7%
Government	Federal and State government clean-up project waste, comprised of both Base and Event Business.	7%	4%
Rate regulated	Northwest and Rocky Mountain Compact customers paying rate-regulated disposal fees set by the State of Washington, predominantly Base Business.	3%	4%

(1) Excludes all transportation service revenue

(2) Excludes EQ Holdings, Inc. which was acquired on June 17, 2014

A significant portion of our disposal revenue is attributable to discrete Event Business projects which vary widely in size, duration and unit pricing. For the three months ended March 31, 2015 and 2014, approximately 39% and 44%, respectively, of our T&D revenue, excluding EQ, was derived from Event Business projects. The one-time nature of Event Business, diverse spectrum of waste types received and widely varying unit pricing necessarily creates variability in revenue and earnings. This variability may be influenced by general and industry-specific economic conditions, funding availability, changes in laws and regulations, government enforcement actions or court orders, public controversy, litigation, weather, commercial real estate, closed military bases and other redevelopment project timing, government appropriation and funding cycles and other factors. The types and amounts of waste received from Base Business also vary from quarter to quarter. This variability can cause significant quarter-to-quarter and year-to-year differences in revenue, gross profit, gross margin, operating income and net income. Also, while we pursue many large projects months or years in advance of work performance, both large and small clean-up project opportunities routinely arise with little or no prior notice. These market dynamics are inherent to the waste disposal business and are factored into our projections and externally communicated business outlook statements. Our projections combine historical experience with identified sales pipeline opportunities, new or expanded service line projections and prevailing market conditions.

For the three months ended March 31, 2015, Base Business revenue, excluding EQ, increased 7% compared to the three months ended March 31, 2014. Base Business revenue was approximately 61% of total T&D revenue for the three months ended March 31, 2015, up from 56% for the three months ended March 31, 2014. Our business is highly competitive and no assurance can be given that we will maintain these revenue levels or increase our market share.

Depending on project-specific customer needs and competitive economics, transportation services may be offered at or near our cost to help secure new business. For waste transported by rail from the eastern United States and other locations distant from our Grand View, Idaho and

Robstown, Texas facilities, transportation-related revenue can account for as much as 75% of total project revenue. While bundling transportation and disposal services reduces overall gross profit as a percentage of total revenue (gross margin), this value-added service has allowed us to win multiple projects that management believes we could not have otherwise competed for successfully. Our Company-owned fleet of gondola railcars, which is periodically supplemented with railcars obtained under operating leases, has reduced our transportation expenses by largely eliminating reliance on more costly short-term rentals. These Company-owned railcars also help us to win business during times of demand-driven railcar scarcity.

Table of Contents

The increased waste volumes resulting from projects won through this bundled service strategy further drive operating leverage benefits inherent to the disposal business, increasing profitability. While waste treatment and other variable costs are project-specific, the incremental earnings contribution from large and small projects generally increases as overall disposal volumes increase. Based on past experience, management believes that maximizing operating income, net income and earnings per share is a higher priority than maintaining or increasing gross margin. We intend to continue aggressively bidding bundled transportation and disposal services based on this proven strategy.

To maximize utilization of our railcar fleet, we periodically deploy available railcars to transport waste from clean-up sites to disposal facilities operated by other companies. Such transportation services may also be bundled with for-profit logistics and field services support work.

We serve oil refineries, chemical production plants, steel mills, waste brokers/aggregators serving small manufacturers and other industrial customers that are generally affected by the prevailing economic conditions and credit environment. Adverse conditions may cause our customers as well as those they serve to curtail operations, resulting in lower waste production and/or delayed spending on off-site waste shipments, maintenance, waste clean-up projects and other work. Factors that can impact general economic conditions and the level of spending by customers include, but are not limited to, consumer and industrial spending, increases in fuel and energy costs, conditions in the real estate and mortgage markets, labor and healthcare costs, access to credit, consumer confidence and other global economic factors affecting spending behavior. Market forces may also induce customers to reduce or cease operations, declare bankruptcy, liquidate or relocate to other countries, any of which could adversely affect our business. To the extent business is either government funded or driven by government regulations or enforcement actions, we believe it is less susceptible to general economic conditions. Spending by government agencies may also be reduced due to declining tax revenues resulting from a weak economy or changes in policy. Disbursement of funds appropriated by Congress may also be delayed for various reasons.

RESULTS OF OPERATIONS

Our operating results and percentage of revenues were as follows:

	Three Months Ended March 31,				2015 vs. 2014	
$s in thousands	**2015**	**%**	**2014**	**%**	**$ Change**	**% Change**
Revenue						
Environmental Services	$ 91,425	67%	$ 53,354	100%	$ 38,071	71%
Field & Industrial Services	45,226	33%		0%	45,226	