



Powering Today. Protecting Tomorrow.

**COVANTA HOLDING CORPORATION REPORTS  
2018 SECOND QUARTER RESULTS AND  
REAFFIRMS 2018 GUIDANCE**

**MORRISTOWN, NJ, July 26, 2018** - Covanta Holding Corporation (NYSE: CVA) ("Covanta" or the "Company"), a world leader in sustainable waste and energy solutions, reported financial results today for the three and six months ended June 30, 2018.

	<b>Three Months Ended June 30,</b>	
	<b>2018</b>	<b>2017</b>
	<small>(Unaudited, \$ in millions, except per share amounts)</small>	
Revenue	\$454	\$424
Net loss	\$(31)	\$(37)
Adjusted EBITDA	\$103	\$93
Net cash provided by operating activities	\$60	\$18
Free Cash Flow before Working Capital	\$3	\$4
Free Cash Flow	\$26	\$(21)
Diluted EPS	\$(0.24)	\$(0.28)
Adjusted EPS	\$(0.01)	\$(0.22)

*Reconciliations of non-GAAP measures can be found in the exhibits to this press release.*

**Key Highlights**

- Reaffirming 2018 guidance
- Strong plant operations driving production to high end of expectations
- Accelerated pace of EfW profiled waste growth
- Continuing plant rationalization activities

"Our second quarter results highlight our momentum across multiple fronts," said Stephen J. Jones, Covanta's President and CEO. "Plant operations continue to show year-over-year improvement, led by the resurgence of Fairfax. Meanwhile, we are benefiting from improving waste pricing given the preferential location of our plants relative to alternative disposal during this period of strong waste flows. Improved plant production coupled with effective sales of our unique disposal capability is also driving incremental profiled waste volumes. Overall, I am very pleased with our performance to date and, in light of our current outlook for 2018, I expect our full year Adjusted EBITDA will be above the midpoint of our guidance range."

More detail on our second quarter results can be found in the exhibits to this release and in our second quarter 2018 earnings presentation found in the Investor Relations section of the Covanta website at [www.covanta.com](http://www.covanta.com).

## **2018 Guidance**

The Company reaffirmed guidance for 2018 for the following key metrics:

(In millions)

<b>Metric</b>	<b>2018 Guidance Range <sup>(1)</sup></b>	<b>2017 Actual</b>
Adjusted EBITDA	\$425 - \$455	\$408
Free Cash Flow Before Working Capital	\$100 - \$130	\$88
Free Cash Flow	\$70 - \$100	\$132

<sup>(1)</sup> For additional information on the reconciliation of Free Cash Flow and Free Cash Flow Before Working Capital to Net cash provided by operating activities, see Exhibit 5 of this press release. Guidance as of July 26, 2018.

## **Conference Call Information**

Covanta will host a conference call at 8:30 AM (Eastern) on Friday, July 27, 2018 to discuss its second quarter results.

The conference call will begin with prepared remarks, which will be followed by a question and answer session. To participate, please dial **1-866-393-4306** approximately 10 minutes prior to the scheduled start of the call. If calling outside of the United States, please dial **1-734-385-2616**. Please request the "Covanta Holding Corporation Earnings Conference Call" when prompted by the conference call operator. The conference call will also be webcast live from the Investor Relations section of the Company's website. A presentation will be made available during the call and will be found in the Investor Relations section of the Covanta website at [www.covanta.com](http://www.covanta.com).

An archived webcast will be available two hours after the end of the conference call and can be accessed through the Investor Relations section of the Covanta website at [www.covanta.com](http://www.covanta.com).

## **About Covanta**

Covanta is a world leader in providing sustainable waste and energy solutions. Annually, Covanta's modern Energy-from-Waste facilities safely convert approximately 20 million tons of waste from municipalities and businesses into clean, renewable electricity to power one million homes and recycle over 550,000 tons of metal. Through a vast network of treatment and recycling facilities, Covanta also provides comprehensive industrial material management services to companies seeking solutions to some of today's most complex environmental challenges. For more information, visit [www.covanta.com](http://www.covanta.com).

## **Cautionary Note Regarding Forward-Looking Statements**

Certain statements in this press release may constitute "forward-looking" statements as defined in Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"), the Private Securities Litigation Reform Act of 1995 (the "PSLRA") or in releases made by the Securities and Exchange Commission ("SEC"), all as may be amended from time to time. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results,

performance or achievements of Covanta Holding Corporation and its subsidiaries (“Covanta”) or industry results, to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Statements that are not historical fact are forward-looking statements. For additional information see the Cautionary Note Regarding Forward-Looking Statements at the end of the Exhibits.

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Covanta Holding Corporation  
Consolidated Statements of Operations

Exhibit 1

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
	(Unaudited)			
	(In millions, except per share amounts)			
<b>OPERATING REVENUE:</b>				
Waste and service revenue	\$ 333	\$ 310	\$ 645	\$ 596
Energy revenue	76	75	176	161
Recycled metals revenue	25	15	49	31
Other operating revenue	20	24	42	40
Total operating revenue	454	424	912	828
<b>OPERATING EXPENSE:</b>				
Plant operating expense	334	319	679	651
Other operating expense, net	19	2	27	17
General and administrative expense	27	30	58	58
Depreciation and amortization expense	55	52	109	104
Impairment charges	37	1	37	1
Total operating expense	472	404	910	831
<b>Operating (loss) income</b>	<b>(18)</b>	<b>20</b>	<b>2</b>	<b>(3)</b>
<b>OTHER INCOME (EXPENSE):</b>				
Interest expense	(36)	(35)	(74)	(71)
(Loss) gain on sale of assets <sup>(a)</sup>	—	(2)	210	(6)
Loss on extinguishment of debt	—	(13)	—	(13)
Other (expense) income, net	(1)	—	(1)	—
Total (expense) income	(37)	(50)	135	(90)
<b>(Loss) income before income tax benefit (expense)</b>	<b>(55)</b>	<b>(30)</b>	<b>137</b>	<b>(93)</b>
Income tax benefit (expense)	22	(8)	31	3
Equity in net income from unconsolidated investments	2	1	2	1
<b>Net (loss) income</b>	<b>\$ (31)</b>	<b>\$ (37)</b>	<b>\$ 170</b>	<b>\$ (89)</b>
<b>Weighted Average Common Shares Outstanding:</b>				
Basic	130	130	130	129
Diluted	130	130	132	129
<b>(Loss) Earnings Per Share:</b>				
Basic	\$ (0.24)	\$ (0.28)	\$ 1.31	\$ (0.69)
Diluted	\$ (0.24)	\$ (0.28)	\$ 1.29	\$ (0.69)
<b>Cash Dividend Declared Per Share</b>	<b>\$ 0.25</b>	<b>\$ 0.25</b>	<b>\$ 0.50</b>	<b>\$ 0.50</b>

(a) For additional information, see Exhibit 4 of this Press Release.

**Covanta Holding Corporation**  
**Consolidated Balance Sheets**

**Exhibit 2**

	As of	
	June 30, 2018	December 31, 2017
	(Unaudited)	
ASSETS	(In millions, except per share amounts)	
<b>Current:</b>		
Cash and cash equivalents	\$ 39	\$ 46
Restricted funds held in trust	37	43
Receivables (less allowances of \$9 million and \$14 million, respectively)	324	341
Prepaid expenses and other current assets	62	73
Assets held for sale <sup>(a)</sup>	3	653
<b>Total Current Assets</b>	<b>465</b>	<b>1,156</b>
Property, plant and equipment, net	2,556	2,606
Restricted funds held in trust	24	28
Intangible assets, net	276	287
Goodwill	312	313
Other assets	211	51
<b>Total Assets</b>	<b>\$ 3,844</b>	<b>\$ 4,441</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current:</b>		
Current portion of long-term debt	\$ 10	\$ 10
Current portion of project debt	24	23
Accounts payable	64	151
Accrued expenses and other current liabilities	290	313
Liabilities held for sale <sup>(a)</sup>	—	540
<b>Total Current Liabilities</b>	<b>388</b>	<b>1,037</b>
Long-term debt	2,295	2,339
Project debt	137	151
Deferred income taxes	385	412
Other liabilities	68	75
<b>Total Liabilities</b>	<b>3,273</b>	<b>4,014</b>
<b>Equity:</b>		
Preferred stock (\$0.10 par value; authorized 10 shares; none issued and outstanding)	—	—
Common stock (\$0.10 par value; authorized 250 shares; issued 136 shares, outstanding 131 shares)	14	14
Additional paid-in capital	833	822
Accumulated other comprehensive loss	(26)	(55)
Accumulated deficit	(249)	(353)
Treasury stock, at par	(1)	(1)
<b>Total Stockholders' Equity</b>	<b>571</b>	<b>427</b>
<b>Total Liabilities and Equity</b>	<b>\$ 3,844</b>	<b>\$ 4,441</b>

(a) During the fourth quarter of 2017, our EfW facility in Dublin, Ireland met the criteria to be classified as held for sale.

**Six Months Ended  
June 30,**

**2018      2017 <sup>(a)</sup>**

**(Unaudited, in millions)**

**OPERATING ACTIVITIES:**

Net income (loss)	\$ 170	\$ (89)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization expense	109	104
Amortization of deferred debt financing costs	3	3
(Gain) loss on asset sales <sup>(b)</sup>	(210)	6
Impairment charges	37	1
Loss on extinguishment of debt	—	13
Stock-based compensation expense	14	11
Provision for doubtful accounts	—	3
Equity in net income from unconsolidated investments	(2)	(1)
Deferred income taxes	(28)	(6)
Dividends from unconsolidated investments	1	—
Other, net	(8)	(3)
Change in working capital, net of effects of acquisitions and dispositions	(21)	(20)
Changes in noncurrent assets and liabilities, net	(2)	5
Net cash provided by operating activities	63	27

**INVESTING ACTIVITIES:**

Purchase of property, plant and equipment	(130)	(152)
Acquisition of businesses, net of cash acquired	(4)	(16)
Proceeds from the sale of assets, net of restricted cash	112	—
Property insurance proceeds	7	5
Payment of indemnification claim from sale of asset	(7)	—
Other, net	(1)	(3)
Net cash used in investing activities	(23)	(166)

**FINANCING ACTIVITIES:**

Proceeds from borrowings on long-term debt	30	400
Proceeds from borrowings on revolving credit facility	317	633
Proceeds from borrowing on Dublin project financing	—	60
Payments on long-term debt	(3)	(412)
Payment on revolving credit facility	(387)	(501)
Payments on equipment financing capital leases	(3)	(2)
Principal payments on project debt	(13)	(12)
Payment of deferred financing costs	—	(9)
Cash dividends paid to stockholders	(66)	(65)
Financing of insurance premiums, net	(13)	—
Other, net	2	3
Net cash (used in) provided by financing activities	(136)	95
Effect of exchange rate changes on cash and cash equivalents	2	3
Net decrease in cash, cash equivalents and restricted cash	(94)	(41)
Cash, cash equivalents and restricted cash at beginning of period <sup>(c)</sup>	194	194
Cash and cash equivalents of continuing operations at end of period	\$ 100	\$ 153

(a) As adjusted to reflect the adoption of ASU 2016-18 effective January 1, 2018. As a result of adoption, the statement of cash flows explains the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents.

(b) For additional information, see Exhibit 4 of this Press Release.

(c) For the six months ended June 30, 2018, includes \$77 million of restricted cash classified as held for sale as of December 31, 2017.

**Consolidated Reconciliation of Net (Loss) Income and Net Cash Provided by Operating Activities to Adjusted EBITDA**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
	(Unaudited, in millions)			
<b>Net (loss) income</b>	\$ (31)	\$ (37)	\$ 170	\$ (89)
Depreciation and amortization expense	55	52	109	104
Interest expense	36	35	74	71
Income tax (benefit) expense	(22)	8	(31)	(3)
Impairment charges <sup>(a)</sup>	37	1	37	1
Loss (gain) on sale of assets <sup>(b)</sup>	—	2	(210)	6
Loss on extinguishment of debt	—	13	—	13
Property insurance recoveries, net	—	(3)	(7)	(3)
Capital type expenditures at client owned facilities <sup>(c)</sup>	11	12	23	26
Debt service billings in excess of revenue recognized	—	1	1	2
Business development and transaction costs	1	1	3	1
Severance and reorganization costs	2	1	4	1
Stock-based compensation expense	5	6	14	11
Adjustments to reflect Adjusted EBITDA from unconsolidated investments	7	—	11	—
Other <sup>(d)</sup>	2	1	5	3
<b>Adjusted EBITDA</b>	<b>\$ 103</b>	<b>\$ 93</b>	<b>\$ 203</b>	<b>\$ 144</b>
Capital type expenditures at client owned facilities <sup>(c)</sup>	(11)	(12)	(23)	(26)
Cash paid for interest, net of capitalized interest	(40)	(41)	(73)	(67)
Cash paid for taxes, net	(2)	(2)	(2)	(1)
Equity in net income from unconsolidated investments	(2)	(1)	(2)	(1)
Adjustments to reflect Adjusted EBITDA from unconsolidated investments	(7)	—	(11)	—
Dividends from unconsolidated investments	1	—	1	—
Adjustment for working capital and other	18	(19)	(30)	(22)
<b>Net cash provided by operating activities</b>	<b>\$ 60</b>	<b>\$ 18</b>	<b>\$ 63</b>	<b>\$ 27</b>

(a) During the six months ended June 30, 2018, we identified an indicator of impairment associated with certain of our EFW facilities and recorded a non-cash impairment charge of \$37 million to reduce the carrying value of the facilities to their estimated fair value.

(b) During the six months ended June 30, 2018, we recorded a \$204 million gain on the sale of 50% of our Dublin project to our joint venture with GIG and a \$6 million gain on the sale of our remaining interests in China.

During the three and six months ended June 30, 2017, we recorded a \$2 million and \$6 million charge, respectively, for indemnification claims related to the sale of our interests in China, which was completed in 2016.

(c) Adjustment for impact of adoption of FASB ASC 853 - *Service Concession Arrangements*. These types of capital equipment related expenditures at our service fee operated facilities were historically capitalized prior to adoption of this new accounting standard effective January 1, 2015 and are capitalized at facilities that we own.

(d) Includes certain other items that are added back under the definition of Adjusted EBITDA in Covanta Energy, LLC's credit agreement.

**Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow and Free Cash Flow Before Working Capital**

	Three Months Ended June 30,		Six Months Ended June 30,		Full Year Estimated 2018
	2018	2017	2018	2017	
	(Unaudited, in millions)				
<b>Net cash provided by operating activities</b>	\$ 60	\$ 18	\$ 63	\$ 27	\$195 - \$225
Add: Changes in restricted funds - operating <sup>(a)</sup>	(1)	(2)	(11)	(1)	10
Less: Maintenance capital expenditures <sup>(b)</sup>	(33)	(37)	(78)	(64)	(140 - 130)
<b>Free Cash Flow</b>	\$ 26	\$ (21)	\$ (26)	\$ (38)	\$70 - \$100
Less: Changes in working capital	(23)	25	21	20	20 - 40
<b>Free Cash Flow Before Working Capital</b>	\$ 3	\$ 4	\$ (5)	\$ (18)	\$100 - \$130

(a) Adjustment for the impact of the adoption of ASU 2016-18 effective January 1, 2018. As a result of adoption, the statement of cash flows explains the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, changes in restricted funds are eliminated in arriving at net cash, cash equivalents and restricted funds provided by operating activities.

(b) Purchases of property, plant and equipment are also referred to as capital expenditures. Capital expenditures that primarily maintain existing facilities are classified as maintenance capital expenditures. The following table provides the components of total purchases of property, plant and equipment:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Maintenance capital expenditures	\$ (33)	\$ (37)	\$ (78)	\$ (64)
Maintenance capital expenditures paid but incurred in prior periods	(5)	—	(12)	—
Capital expenditures associated with construction of Dublin EfW facility	(4)	(36)	(21)	(56)
Capital expenditures associated with organic growth initiatives	(7)	(9)	(15)	(23)
Total capital expenditures associated with growth investments	(11)	(45)	(36)	(79)
Capital expenditures associated with property insurance events	—	(8)	(4)	(9)
Total purchases of property, plant and equipment	\$ (49)	\$ (90)	\$ (130)	\$ (152)



Covanta Holding Corporation  
Reconciliation of Diluted Earnings (Loss) Per Share to Adjusted EPS

Exhibit 6

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
	(Unaudited)			
<b>Diluted (Loss) Earnings Per Share:</b>	\$ (0.24)	\$ (0.28)	\$ 1.29	\$ (0.69)
Reconciling Items <sup>(a)</sup>	0.23	0.06	(1.39)	0.10
<b>Adjusted EPS</b>	<b>\$ (0.01)</b>	<b>\$ (0.22)</b>	<b>\$ (0.10)</b>	<b>\$ (0.59)</b>

(a) For details related to the Reconciling Items, see Exhibit 6A of this Press Release.

Covanta Holding Corporation  
Reconciling Items

Exhibit 6A

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
	(Unaudited)			
	(In millions, except per share amounts)			
<b>Reconciling Items</b>				
Impairment charges <sup>(a)</sup>	\$ 37	\$ 1	\$ 37	\$ 1
Loss (gain) on sale of assets <sup>(a)</sup>	\$ —	\$ 2	(210)	6
Property insurance recoveries, net	—	(3)	(7)	(3)
Severance and reorganization costs	2	1	4	1
Loss on extinguishment of debt	—	13	—	13
Effect of foreign exchange loss on indebtedness	—	(1)	1	(1)
Other	—	—	(1)	—
Total Reconciling Items, pre-tax	39	13	(176)	17
Pro forma income tax impact <sup>(b)</sup>	(10)	(5)	(8)	(5)
Grantor trust activity	—	—	—	1
<b>Total Reconciling Items, net of tax</b>	<b>\$ 29</b>	<b>\$ 8</b>	<b>\$ (184)</b>	<b>\$ 13</b>
<b>Diluted Per Share Impact</b>	<b>\$ 0.23</b>	<b>\$ 0.06</b>	<b>\$ (1.39)</b>	<b>\$ 0.10</b>
Weighted Average Diluted Shares Outstanding	130	130	132	129

(a) For additional information, see Exhibit 4 of this Press Release.

(b) We calculate the federal and state tax impact of each item using the statutory federal tax rate of 21% for 2018 and 35% for 2017 and applicable state rates.

**Covanta Holding Corporation**  
**Supplemental Information**  
(Unaudited, \$ in millions)

Exhibit 7

	<b>Three Months Ended June 30,</b>	
	<b>2018</b>	<b>2017</b>
<b>REVENUE</b>		
Waste and service revenue:		
EfW tip fees	\$ 156	\$ 143
EfW service fees	100	97
Environmental services <sup>(a)</sup>	37	32
Municipal services <sup>(b)</sup>	54	52
Other <sup>(c)</sup>	12	10
Intercompany <sup>(d)</sup>	(27)	(25)
Total waste and service	333	310
Energy Revenue:		
Energy sales	64	64
Capacity	13	11
Total energy revenue	76	75
Recycled metals revenue:		
Ferrous	15	10
Non-ferrous	10	4
Total recycled metals	25	15
Other revenue <sup>(e)</sup>	20	24
<b>Total revenue</b>	<b>\$ 454</b>	<b>\$ 424</b>
<b>OPERATING EXPENSE</b>		
Plant operating expense:		
Plant maintenance	\$ 79	\$ 79
Other plant operating expense	255	240
Total plant operating expense	334	319
Other operating expense	19	2
General and administrative	27	30
Depreciation and amortization	55	52
Impairment charges	37	1
<b>Total operating expense</b>	<b>\$ 472</b>	<b>\$ 404</b>
<b>Operating (loss) income</b>	<b>\$ (18)</b>	<b>\$ 20</b>
<i>Plus: Impairment charges</i>	37	1
<b>Operating income excluding impairment charges</b>	<b>\$ 19</b>	<b>\$ 21</b>

(a) Includes the operation of material processing facilities and related services provided by our CES business.

(b) Consists of transfer stations and transportation component of NYC MTS contract.

(c) Includes waste brokerage, debt service and other revenue not directly related to EfW waste processing activities.

(d) Consists of elimination of intercompany transactions primarily relating to transfer stations.

(e) Consists primarily of construction revenue.

Note: Certain amounts may not total due to rounding.

## Revenue and Operating Income Changes - Q2 2017 to Q2 2018

(Unaudited, \$ in millions)

	Q2 2017	Organic Growth <sup>(a)</sup>	%	Contract Transitions <sup>(b)</sup>			Transactions <sup>(c)</sup>	Total Changes	Q2 2018
				Waste	PPA				
<b>REVENUE</b>									
<b>Waste and service:</b>									
EfW tip fees	\$ 143	\$ 12	8.6 %	\$ 1	\$ —	\$ —	\$ 13	\$ 156	
EfW service fees	97	(2)	(1.8)%	(4)	—	8	3	100	
Environmental services	32	4	12.8 %	—	—	—	5	37	
Municipal services	52	2	3.2 %	—	—	—	2	54	
Other revenue	10	2	23.5 %	—	—	—	2	12	
Intercompany	(25)	(2)		—	—	—	(2)	(27)	
<b>Total waste and service</b>	<b>310</b>	<b>17</b>	<b>5.3 %</b>	<b>(3)</b>	<b>—</b>	<b>9</b>	<b>23</b>	<b>333</b>	
<b>Energy:</b>									
Energy Sales	64	4	5.8 %	—	(4)	—	—	64	
Capacity	11	1	13.4 %	(1)	2	—	2	13	
<b>Total energy revenue</b>	<b>75</b>	<b>5</b>	<b>6.7 %</b>	<b>(1)</b>	<b>(3)</b>	<b>—</b>	<b>2</b>	<b>76</b>	
<b>Recycled metals:</b>									
Ferrous	10	4	42.8 %	—	—	—	4	15	
Non-ferrous	4	6	141.6 %	—	—	—	6	10	
<b>Total recycled metals</b>	<b>15</b>	<b>10</b>	<b>71.1 %</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>10</b>	<b>25</b>	
<b>Other revenue</b>	<b>24</b>	<b>(2)</b>	<b>(7.8)%</b>	<b>(2)</b>	<b>—</b>	<b>—</b>	<b>(4)</b>	<b>20</b>	
<b>Total revenue</b>	<b>\$ 424</b>	<b>\$ 30</b>	<b>7.1 %</b>	<b>\$ (5)</b>	<b>\$ (3)</b>	<b>\$ 9</b>	<b>\$ 31</b>	<b>\$ 454</b>	
<b>OPERATING EXPENSE</b>									
<b>Plant operating expense:</b>									
Plant maintenance	\$ 79	\$ 1	1.0 %	\$ (1)	\$ —	\$ —	\$ —	\$ 79	
Other plant operating expense	240	10	4.0 %	(2)	—	7	14	255	
<b>Total plant operating expense</b>	<b>319</b>	<b>10</b>	<b>3.2 %</b>	<b>(3)</b>	<b>—</b>	<b>7</b>	<b>14</b>	<b>334</b>	
<b>Other operating expense (income)</b>	<b>2</b>	<b>20</b>		<b>(2)</b>	<b>—</b>	<b>—</b>	<b>18</b>	<b>19</b>	
<b>General and administrative</b>	<b>30</b>	<b>(3)</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>(3)</b>	<b>27</b>	
<b>Depreciation and amortization</b>	<b>52</b>	<b>3</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>3</b>	<b>55</b>	
<b>Total operating expense (income)</b>	<b>\$ 403</b>	<b>\$ 30</b>		<b>\$ (5)</b>	<b>\$ —</b>	<b>\$ 8</b>	<b>\$ 33</b>	<b>\$ 435</b>	
<b>Operating Income excluding Impairment Charges</b>	<b>\$ 21</b>	<b>\$ —</b>		<b>\$ (1)</b>	<b>\$ (3)</b>	<b>\$ 1</b>	<b>\$ (3)</b>	<b>\$ 19</b>	

(a) Reflects performance on a comparable period-over-period basis, excluding the impacts of transitions and transactions.

(b) Includes the impact of the expiration of: (1) long-term major waste and service contracts, most typically representing the transition to a new contract structure, and (2) long-term energy contracts.

(c) Includes the impacts of acquisitions, divestitures, new projects and the addition or loss of operating contracts.

Note: Excludes impairment charges.

Note: Certain amounts may not total due to rounding.

**Operating Metrics**  
(Unaudited)

**Exhibit 9**

**Three Months Ended  
June 30,**

	<b>2018</b>	<b>2017</b>
<b><u>EfW Waste</u></b>		
<b>Tons: (in millions)</b>		
Tip fee- contracted	2.3	2.0
Tip fee- uncontracted	0.4	0.5
Service fee	2.3	2.3
Total tons	5.1	4.8
<b>Revenue per ton:</b>		
Tip fee- contracted	\$ 51.52	\$ 54.05
Tip fee- uncontracted	\$ 84.05	\$ 76.02
Average revenue per ton	\$ 56.68	\$ 57.13
<b><u>EfW Energy</u></b>		
<b>Energy sales: (MWh in millions)</b>		
Contracted	0.5	0.6
Hedged	0.8	0.7
Market	0.3	0.2
Total energy sales	1.6	1.4
<b>Market sales by geography:</b>		
PJM East	0.1	—
NEPOOL	0.1	0.1
NYISO	—	—
Other	0.1	0.1
<b>Revenue per MWh (excludes capacity):</b>		
Contracted	\$ 64.81	\$ 67.70
Hedged	\$ 25.99	\$ 29.02
Market	\$ 30.86	\$ 27.80
Average revenue per MWh	\$ 39.28	\$ 44.83
<b><u>Metals</u></b>		
<b>Tons Recovered: (in thousands)</b>		
Ferrous	107	98
Non-ferrous	12	9
<b>Tons Sold: (in thousands)</b>		
Ferrous	81	68
Non-ferrous	7	5
<b>Revenue per ton:</b>		
Ferrous	\$ 182	\$ 152
Non-ferrous	\$ 1,432	\$ 892
<b><u>EfW plant operating expense: (\$ in millions)</u></b>		
Plant operating expense - gross	\$ 264	\$ 254
Less: Client pass-through costs	(12)	(13)
Less: REC sales - contra-expense	(3)	(3)
Plant operating expense, net	\$ 250	\$ 239
Client pass-throughs as % of gross costs	4.5%	5.1%

Note: Waste volume includes solid tons only. Metals and energy volume are presented net of client revenue sharing. Steam sales are converted to MWh equivalent at an assumed average rate of 11 klbs of steam / MWh. Uncontracted energy sales include sales under PPAs that are based on market prices.

Note: Certain amounts may not total due to rounding.

## **Discussion of Non-GAAP Financial Measures**

We use a number of different financial measures, both United States generally accepted accounting principles (“GAAP”) and non-GAAP, in assessing the overall performance of our business. To supplement our assessment of results prepared in accordance with GAAP, we use the measures of Adjusted EBITDA, Free Cash Flow, Free Cash Flow Before Working Capital, and Adjusted EPS, which are non-GAAP financial measures as defined by the Securities and Exchange Commission. The non-GAAP financial measures of Adjusted EBITDA, Free Cash Flow, Free Cash Flow Before Working Capital, and Adjusted EPS as described below, and used in the tables above, are not intended as a substitute or as an alternative to net income, cash flow provided by operating activities or diluted earnings per share as indicators of our performance or liquidity or any other measures of performance or liquidity derived in accordance with GAAP. In addition, our non-GAAP financial measures may be different from non-GAAP measures used by other companies, limiting their usefulness for comparison purposes.

The presentations of Adjusted EBITDA, Free Cash Flow, Free Cash Flow Before Working Capital, and Adjusted EPS are intended to enhance the usefulness of our financial information by providing measures which management internally use to assess and evaluate the overall performance of its business and those of possible acquisition candidates, and highlight trends in the overall business.

### **Adjusted EBITDA**

We use Adjusted EBITDA to provide additional ways of viewing aspects of operations that, when viewed with the GAAP results provide a more complete understanding of our core business. As we define it, Adjusted EBITDA represents earnings before interest, taxes, depreciation and amortization, as adjusted for additional items subtracted from or added to net income including the effects of impairment losses, gains or losses on sales, dispositions or retirements of assets, adjustments to reflect the Adjusted EBITDA from our unconsolidated investments, adjustments to exclude significant unusual or non-recurring items that are not directly related to our operating performance plus adjustments to capital type expenses for our service fee facilities in line with our credit agreements. We adjust for these items in our Adjusted EBITDA as our management believes that these items would distort their ability to efficiently view and assess our core operating trends. As larger parts of our business are conducted through unconsolidated entities that we do not control, we adjust for our proportionate share of the entities depreciation and amortization, interest expense and taxes in order to improve comparability to the Adjusted EBITDA of our wholly owned entities.

In order to provide a meaningful basis for comparison, we are providing information with respect to our Adjusted EBITDA for the three and six months ended June 30, 2018 and 2017, reconciled for each such period to net income and cash flow provided by operating activities, which are believed to be the most directly comparable measures under GAAP.

Our projections of the proportional contribution of our interests in the JV to our Adjusted EBITDA and Free Cash Flow are not based on GAAP net income/loss or Cash flow provided by operating activities, respectively, and are anticipated to be adjusted to exclude the effects of events or circumstances in 2018 that are not representative or indicative of our results of operations and that are not currently determinable. Due to the uncertainty of the likelihood, amount and timing of any such adjusting items, we do not have information available to provide a quantitative reconciliation of projected net income/loss to an Adjusted EBITDA projection.

### **Free Cash Flow and Free Cash Flow Before Working Capital**

Free Cash Flow is defined as cash flow provided by operating activities, plus changes in operating restricted funds, less maintenance capital expenditures, which are capital expenditures primarily to maintain our existing facilities. Free Cash Flow Before Working Capital is defined as Free Cash Flow excluding changes in working capital.

We use the non-GAAP measures of Free Cash Flow and Free Cash Flow Before Working Capital as criteria of liquidity and performance-based components of employee compensation. We use Free Cash Flow and Free Cash Flow Before Working Capital as measures of liquidity to determine amounts we can reinvest in our core businesses, such as amounts available to make acquisitions, invest in construction of new projects, make principal payments on debt, or amounts we can return to our stockholders through dividends and/or stock repurchases.

In order to provide a meaningful basis for comparison, we are providing information with respect to our Free Cash Flow and Free Cash Flow Before Working Capital for the three and six months ended June 30, 2018 and 2017, reconciled for each such period to cash flow provided by operating activities, which we believe to be the most directly comparable measure under GAAP.

### **Adjusted EPS**

Adjusted EPS excludes certain income and expense items that are not representative of our ongoing business and operations, which are included in the calculation of Diluted Earnings Per Share in accordance with GAAP. The following items are not all-inclusive, but are examples of reconciling items in prior comparative and future periods. They would include impairment charges, the effect of derivative instruments not designated as hedging instruments, significant gains or losses from the disposition or

restructuring of businesses, gains and losses on assets held for sale, transaction-related costs, income and loss on the extinguishment of debt and other significant items that would not be representative of our ongoing business.

We will use the non-GAAP measure of Adjusted EPS to enhance the usefulness of our financial information by providing a measure which management internally uses to assess and evaluate the overall performance and highlight trends in the ongoing business.

In order to provide a meaningful basis for comparison, we are providing information with respect to our Adjusted EPS for the three and six months ended June 30, 2018 and 2017, reconciled for each such period to diluted income per share, which is believed to be the most directly comparable measure under GAAP.

#### **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

Certain statements in this press release may constitute “forward-looking” statements as defined in Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), Section 21E of the Securities Exchange Act of 1934 (the “Exchange Act”), the Private Securities Litigation Reform Act of 1995 (the “PSLRA”) or in releases made by the Securities and Exchange Commission (“SEC”), all as may be amended from time to time. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of Covanta Holding Corporation and its subsidiaries (“Covanta”) or industry results, to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Statements that are not historical fact are forward-looking statements. Forward-looking statements can be identified by, among other things, the use of forward-looking language, such as the words “plan,” “believe,” “expect,” “anticipate,” “intend,” “estimate,” “project,” “may,” “will,” “would,” “could,” “should,” “seeks,” or “scheduled to,” or other similar words, or the negative of these terms or other variations of these terms or comparable language, or by discussion of strategy or intentions. These cautionary statements are being made pursuant to the Securities Act, the Exchange Act and the PSLRA with the intention of obtaining the benefits of the “safe harbor” provisions of such laws. Covanta cautions investors that any forward-looking statements made by Covanta are not guarantees or indicative of future performance. Important factors, risks, and uncertainties that could cause actual results of Covanta and the JV to differ materially from those forward-looking statements include, but are not limited to:

- seasonal or long-term fluctuations in the prices of energy, waste disposal, scrap metal and commodities, and Covanta's ability to renew or replace expiring contracts at comparable prices and with other acceptable terms;
- adoption of new laws and regulations in the United States and abroad, including energy laws, tax laws, environmental laws, labor laws and healthcare laws;
- advances in technology;
- difficulties in the operation of our facilities, including fuel supply and energy delivery interruptions, failure to obtain regulatory approvals, equipment failures, labor disputes and work stoppages, and weather interference and catastrophic events;
- failure to maintain historical performance levels at Covanta's facilities and Covanta's ability to retain the rights to operate facilities Covanta does not own;
- Covanta's and the joint ventures ability to avoid adverse publicity or reputational damage relating to its business;
- difficulties in the financing, development and construction of new projects and expansions, including increased construction costs and delays;
- Covanta's ability to realize the benefits of long-term business development and bear the costs of business development over time;
- Covanta's ability to utilize net operating loss carryforwards;
- limits of insurance coverage;
- Covanta's ability to avoid defaults under its long-term contracts;
- performance of third parties under its contracts and such third parties' observance of laws and regulations;
- concentration of suppliers and customers;
- geographic concentration of facilities;
- increased competitiveness in the energy and waste industries;
- changes in foreign currency exchange rates;
- limitations imposed by Covanta's existing indebtedness and its ability to perform its financial obligations and guarantees and to refinance its existing indebtedness;
- exposure to counterparty credit risk and instability of financial institutions in connection with financing transactions;
- the scalability of its business;
- restrictions in its certificate of incorporation and debt documents regarding strategic alternatives;
- failures of disclosure controls and procedures and internal controls over financial reporting;
- Covanta's and the joint ventures ability to attract and retain talented people;
- general economic conditions in the United States and abroad, including the availability of credit and debt financing; and
- other risks and uncertainties affecting Covanta's businesses described periodic securities filings by Covanta with the SEC.

Although Covanta believes that its plans, cost estimates, returns on investments, intentions and expectations reflected in or suggested by such forward-looking statements are reasonable, actual results could differ materially from a projection or assumption in any forward-looking statements. Covanta's and the joint ventures future financial condition and results of operations, as well as any forward-looking statements, are subject to change and to inherent risks and uncertainties. The forward-looking statements contained in this press release are made only as of the date hereof and Covanta does not have, or undertake, any obligation to update or revise any forward-looking statements whether as a result of new information, subsequent events or otherwise, unless otherwise required by law.