



Powering Today. Protecting Tomorrow.

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

MORRISTOWN, NJ, October 25, 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 nine months ended September 30, 2018.

	Three Months Ended September 30,	
	2018	2017
	<small>(Unaudited, \$ in millions, except per share amounts)</small>	
Revenue	\$456	\$429
Net (loss) income	\$(27)	\$15
Adjusted EBITDA	\$122	\$117
Net cash provided by operating activities	\$84	\$69
Free Cash Flow before Working Capital	\$78	\$78
Free Cash Flow	\$85	\$68
Diluted EPS	\$(0.21)	\$0.11
Adjusted EPS	\$(0.04)	\$0.12

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

Key Highlights

- Reaffirming 2018 guidance, with Adjusted EBITDA expected in the upper end of the range
- Strong plant operations driving increased 2018 production outlook
- Acquired highly complementary Palm Beach EfW operations
- Amended Long Beach contract as part of fleet optimization efforts
- Refinanced \$2 billion in debt to extend maturities and reduce cost

“As we’ve seen all year, consistent operations and a strong waste market drove improved year-over-year results,” said Stephen J. Jones, Covanta’s President and CEO. “At the same time, we took meaningful steps in optimizing our portfolio through both an acquisition and a contract amendment, while continuing to advance our long-term strategic initiatives.”

More detail on our third quarter results can be found in the exhibits to this release and in our third quarter 2018 earnings presentation found in the Investor Relations section of the Covanta website at www.covanta.com.

2018 Guidance

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

(In millions)

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

⁽¹⁾ 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 October 25, 2018.

Conference Call Information

Covanta will host a conference call at 8:30 AM (Eastern) on Friday, October 26, 2018 to discuss its third quarter results.

The conference call will begin with prepared remarks, which will be followed by a question and answer session. To participate, please dial **1-833-238-7947** approximately 10 minutes prior to the scheduled start of the call. If calling outside of the United States, please dial **1-647-689-4195**. 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.

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.

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 22 million tons of waste from municipalities and businesses into clean, renewable electricity to power one million homes and recycle over 600,000 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.

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.

Investor Contact

Dan Mannes

1-862-345-5456

IR@covanta.com

Media Contact

James Regan

1-862-345-5216

Covanta Holding Corporation
Consolidated Statements of Operations

Exhibit 1

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
	(Unaudited)			
	(In millions, except per share amounts)			
OPERATING REVENUE:				
Waste and service revenue	\$ 332	\$ 306	\$ 977	\$ 902
Energy revenue	81	80	257	241
Recycled metals revenue	23	23	72	54
Other operating revenue	20	20	62	60
Total operating revenue	<u>456</u>	<u>429</u>	<u>1,368</u>	<u>1,257</u>
OPERATING EXPENSE:				
Plant operating expense	308	301	987	952
Other operating expense, net	17	7	44	24
General and administrative expense	27	24	85	82
Depreciation and amortization expense	53	51	162	155
Impairment charges ^(a)	49	—	86	1
Total operating expense	<u>454</u>	<u>383</u>	<u>1,364</u>	<u>1,214</u>
Operating income	<u>2</u>	<u>46</u>	<u>4</u>	<u>43</u>
OTHER INCOME (EXPENSE):				
Interest expense	(37)	(35)	(111)	(106)
Gain (loss) on sale of assets ^(a)	7	—	217	(6)
Loss on extinguishment of debt ^(a)	(3)	—	(3)	(13)
Other income (expense), net	—	2	(1)	2
Total (expense) income	<u>(33)</u>	<u>(33)</u>	<u>102</u>	<u>(123)</u>
(Loss) income before income tax benefit and equity in net income from unconsolidated investments	<u>(31)</u>	<u>13</u>	<u>106</u>	<u>(80)</u>
Income tax benefit	3	2	34	5
Equity in net income from unconsolidated investments	1	—	3	1
Net (loss) income	<u>\$ (27)</u>	<u>\$ 15</u>	<u>\$ 143</u>	<u>\$ (74)</u>
Weighted Average Common Shares Outstanding:				
Basic	<u>130</u>	<u>130</u>	<u>130</u>	<u>129</u>
Diluted	<u>130</u>	<u>131</u>	<u>132</u>	<u>129</u>
(Loss) Earnings Per Share:				
Basic	<u>\$ (0.21)</u>	<u>\$ 0.11</u>	<u>\$ 1.10</u>	<u>\$ (0.58)</u>
Diluted	<u>\$ (0.21)</u>	<u>\$ 0.11</u>	<u>\$ 1.09</u>	<u>\$ (0.58)</u>
Cash Dividend Declared Per Share	<u>\$ 0.25</u>	<u>\$ 0.25</u>	<u>\$ 0.75</u>	<u>\$ 0.75</u>

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

	As of	
	September 30, 2018	December 31, 2017
	(Unaudited)	
ASSETS	(In millions, except per share amounts)	
Current:		
Cash and cash equivalents	\$ 51	\$ 46
Restricted funds held in trust	39	43
Receivables (less allowances of \$9 and \$14, respectively)	316	341
Prepaid expenses and other current assets	61	73
Assets held for sale ^(a)	2	653
Total Current Assets	469	1,156
Property, plant and equipment, net	2,513	2,606
Restricted funds held in trust	8	28
Intangible assets, net	286	287
Goodwill	321	313
Other assets	213	51
Total Assets	\$ 3,810	\$ 4,441
LIABILITIES AND EQUITY		
Current:		
Current portion of long-term debt	\$ 15	\$ 10
Current portion of project debt	18	23
Accounts payable	54	151
Accrued expenses and other current liabilities	303	313
Liabilities held for sale ^(a)	—	540
Total Current Liabilities	390	1,037
Long-term debt	2,327	2,339
Project debt	134	151
Deferred income taxes	378	412
Other liabilities	76	75
Total Liabilities	3,305	4,014
Equity:		
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	837	822
Accumulated other comprehensive loss	(35)	(55)
Accumulated deficit	(310)	(353)
Treasury stock, at par	(1)	(1)
Total Stockholders' Equity	505	427
Total Liabilities and Equity	\$ 3,810	\$ 4,441

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

**Nine Months Ended
September 30,**

2018 2017^(a)

(Unaudited, in millions)

OPERATING ACTIVITIES:

Net income (loss)	\$ 143	\$ (74)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization expense	162	155
Amortization of deferred debt financing costs	4	5
(Gain) loss on asset sales ^(b)	(217)	6
Impairment charges ^(b)	86	1
Loss on extinguishment of debt ^(b)	3	13
Stock-based compensation expense	18	16
Provision for doubtful accounts	1	5
Equity in net (income) from unconsolidated investments	(3)	(1)
Deferred income taxes	(32)	(7)
Dividends from unconsolidated investments	1	1
Other, net	(6)	(6)
Change in working capital, net of effects of acquisitions and dispositions	(14)	(30)
Changes in noncurrent assets and liabilities, net	1	12
Net cash provided by operating activities	<u>147</u>	<u>96</u>

INVESTING ACTIVITIES:

Purchase of property, plant and equipment	(158)	(218)
Acquisition of businesses, net of cash acquired	(50)	(16)
Proceeds from the sale of assets, net of restricted cash	125	—
Property insurance proceeds	7	5
Payment of indemnification claim from sale of asset	(7)	—
Other, net	(4)	(6)
Net cash used in investing activities	<u>(87)</u>	<u>(235)</u>

FINANCING ACTIVITIES:

Proceeds from borrowings on long-term debt	765	400
Proceeds from borrowings on revolving credit facility	474	806
Proceeds from borrowing on Dublin project financing	—	71
Payments on long-term debt	(528)	(413)
Payment on revolving credit facility	(713)	(676)
Payments on equipment financing capital leases	(4)	(4)
Principal payments on project debt	(21)	(20)
Payment of deferred financing costs	(9)	(9)
Cash dividends paid to stockholders	(98)	(98)
Financing of insurance premiums, net	(20)	—
Other, net	(4)	9
Net cash (used in) provided by financing activities	<u>(158)</u>	<u>66</u>
Effect of exchange rate changes on cash and cash equivalents	2	4
Net decrease in cash, cash equivalents and restricted cash	<u>(96)</u>	<u>(69)</u>
Cash, cash equivalents and restricted cash at beginning of period ^(c)	194	194
Cash, cash equivalents and restricted cash at end of period	<u>\$ 98</u>	<u>\$ 125</u>

(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 nine months ended September 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 September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
	(Unaudited, in millions)			
Net (loss) income	\$ (27)	\$ 15	\$ 143	\$ (74)
Depreciation and amortization expense	53	51	162	155
Interest expense	37	35	111	106
Income tax benefit	(3)	(2)	(34)	(5)
Impairment charges ^(a)	49	—	86	1
(Gain) loss on sale of assets ^(b)	(7)	—	(217)	6
Loss on extinguishment of debt ^(c)	3	—	3	13
Property insurance recoveries, net	—	1	(7)	(2)
Capital type expenditures at client owned facilities ^(d)	5	10	28	36
Debt service billings (less than) in excess of revenue recognized	(1)	2	—	4
Business development and transaction costs	1	—	4	1
Severance and reorganization costs	1	—	5	1
Stock-based compensation expense	4	5	18	16
Adjustments to reflect Adjusted EBITDA from unconsolidated investments	5	—	16	—
Other ^(e)	2	—	7	3
Adjusted EBITDA	\$ 122	\$ 117	\$ 325	\$ 261
Capital type expenditures at client owned facilities ^(d)	(5)	(10)	(28)	(36)
Cash paid for interest, net of capitalized interest	(42)	(33)	(115)	(100)
Cash paid for taxes, net	—	1	(2)	—
Equity in net (income) from unconsolidated investments	(1)	—	(3)	(1)
Adjustments to reflect Adjusted EBITDA from unconsolidated investments	(5)	—	(16)	—
Dividends from unconsolidated investments	—	1	1	1
Adjustment for working capital and other	15	(7)	(15)	(29)
Net cash provided by operating activities	\$ 84	\$ 69	\$ 147	\$ 96

- (a) During the three and nine months ended September 30, 2018, we identified indicators of impairment associated with certain of our EfW facilities and recorded a non-cash impairment charge of \$49 million and \$86 million, respectively, to reduce the carrying value of the facilities to their estimated fair value.
- (b) During the three and nine months ended September 30, 2018, we recorded a \$7 million gain on the sale of our equity interests in a hydroelectric facility. During the nine months ended September 30, 2018 we recorded a \$204 million gain on the sale of 50% of our Dublin project to our joint venture with the Green Investment Group Limited and a \$6 million gain on the sale of our remaining interests in China. During the nine months ended September 30, 2017, we recorded a \$6 million charge for indemnification claims related to the sale of our interests in China, which was completed in 2016.
- (c) During the three and nine months ended September 30, 2018, we recorded a \$3 million loss related to the refinancing of our tax-exempt bonds. As a result of the redemption of our 7.25% Senior Notes due 2020, during the nine months ended September 30, 2017, we recorded a prepayment charge of approximately \$9 million and a write-off of the remaining deferred financing costs of approximately \$4 million.
- (d) 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.
- (e) 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 September 30,		Nine Months Ended September 30,		Full Year Estimated 2018
	2018	2017	2018	2017	
(Unaudited, in millions)					
Net cash provided by operating activities	\$ 84	\$ 69	\$ 147	\$ 96	\$195 - \$225
Add: Changes in restricted funds - operating ^(a)	18	19	7	18	10
Less: Maintenance capital expenditures ^(b)	(17)	(20)	(95)	(84)	(140 - 130)
Free Cash Flow	\$ 85	\$ 68	\$ 59	\$ 30	\$70 - \$100
Less: Changes in working capital	(7)	10	14	30	20 - 40
Free Cash Flow Before Working Capital	\$ 78	\$ 78	\$ 73	\$ 60	\$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 September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Maintenance capital expenditures	\$ (17)	\$ (20)	\$ (95)	\$ (84)
Net maintenance capital expenditures paid but incurred in prior periods	2	—	(10)	—
Capital expenditures associated with construction of Dublin EfW facility	(1)	(35)	(22)	(91)
Capital expenditures associated with the New York City MTS contract	(9)	—	(9)	—
Capital expenditures associated with organic growth initiatives	(3)	(7)	(18)	(30)
Total capital expenditures associated with growth investments ^(b)	(13)	(42)	(49)	(121)
Capital expenditures associated with property insurance events	—	(4)	(4)	(13)
Total purchases of property, plant and equipment	\$ (28)	\$ (66)	\$ (158)	\$ (218)

(c) Total growth investments include investments in growth opportunities, including organic growth initiatives, technology, business development, and other similar expenditures.

Capital expenditures associated with growth investments	\$ (13)	\$ (42)	\$ (49)	\$ (121)
UK business development projects	(3)	(2)	(4)	(2)
Asset and business acquisitions, net of cash acquired	(46)	(1)	(50)	(17)
Total growth investments	\$ (62)	\$ (45)	\$ (103)	\$ (140)

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

Exhibit 6

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
	(Unaudited)			
Diluted (Loss) Earnings Per Share:	\$ (0.21)	\$ 0.11	\$ 1.09	\$ (0.58)
Reconciling Items ^(a)	0.17	0.01	(1.22)	0.11
Adjusted EPS	\$ (0.04)	\$ 0.12	\$ (0.13)	\$ (0.47)

(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 September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
	(Unaudited)			
	(In millions, except per share amounts)			
Reconciling Items				
Impairment charges ^(a)	\$ 49	\$ —	\$ 86	\$ 1
(Gain) loss on sale of assets ???	(7)	—	(217)	6
Property insurance recoveries, net	—	1	(7)	(2)
Severance and reorganization costs	1	—	5	1
Loss on extinguishment of debt ^(a)	3	—	3	13
Effect of foreign exchange loss on indebtedness	—	(1)	1	(2)
Other	1	—	—	—
Total Reconciling Items, pre-tax	47	—	(129)	17
Pro forma income tax impact ^(b)	(10)	—	(18)	(5)
Impact of New Jersey state tax law change	(14)	—	(14)	—
Grantor trust activity	—	1	—	2
Total Reconciling Items, net of tax	\$ 23	\$ 1	\$ (161)	\$ 14
Diluted Per Share Impact	\$ 0.17	\$ 0.01	\$ (1.22)	\$ 0.11
Weighted Average Diluted Shares Outstanding	130	131	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

	Three Months Ended September 30,	
	2018	2017
REVENUE:		
Waste and service revenue:		
EfW tip fees	\$ 155	\$ 142
EfW service fees	104	95
Environmental services ^(a)	36	34
Municipal services ^(b)	55	50
Other ^(c)	9	12
Intercompany ^(d)	(27)	(26)
Total waste and service	<u>332</u>	<u>306</u>
Energy Revenue:		
Energy sales	67	68
Capacity	13	12
Total energy	<u>81</u>	<u>80</u>
Recycled metals revenue:		
Ferrous	14	13
Non-ferrous	9	10
Total recycled metals	<u>23</u>	<u>23</u>
Other revenue ^(e)	20	20
Total revenue	<u>\$ 456</u>	<u>\$ 429</u>
OPERATING EXPENSE:		
Plant operating expense:		
Plant maintenance	\$ 55	\$ 57
Other plant operating expense	253	243
Total plant operating expense	<u>308</u>	<u>301</u>
Other operating expense	17	7
General and administrative	27	24
Depreciation and amortization	53	51
Impairment charges	49	—
Total operating expense	<u>\$ 454</u>	<u>\$ 383</u>
Operating income	<u>\$ 2</u>	<u>\$ 46</u>
<i>Plus: Impairment charges</i>	49	—
Operating income excluding impairment charges	<u>\$ 51</u>	<u>\$ 46</u>

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

(b) Consists of transfer stations and the transportation component of our 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 - Q3 2017 to Q3 2018

(Unaudited, \$ in millions)

	Q3 2017	Organic Growth ^(a)	%	Contract Transitions ^(b)		Transactions ^(c)	Total Changes	Q3 2018
				Waste	Energy			
REVENUE:								
Waste and service:								
EfW tip fees	\$ 142	\$ 13	9.4 %	\$ —	\$ —	\$ —	\$ 13	\$ 155
EfW service fees	95	4	4.7 %	(3)	—	9	10	104
Environmental services	34	3	9.1 %	—	—	(1)	2	36
Municipal services	50	5	9.2 %	—	—	—	5	55
Other revenue	12	(3)	(23.7)%	—	—	—	(3)	9
Intercompany	(26)	(1)		—	—	—	(1)	(27)
Total waste and service	306	21	7.0 %	(3)	—	8	26	332
Energy:								
Energy Sales	68	3	4.5 %	—	(4)	—	(1)	67
Capacity	12	—	1.9 %	(1)	2	—	2	13
Total energy	80	3	3.4 %	(1)	(2)	—	—	81
Recycled metals:								
Ferrous	13	2	11.8 %	—	—	—	1	14
Non-ferrous	10	(1)	(7.8)%	—	—	—	(1)	9
Total recycled metals	23	1	3.2 %	—	—	—	1	23
Other revenue	20	1	4.4 %	(1)	—	—	—	20
Total revenue	\$ 429	\$ 26	6.0 %	\$ (5)	\$ (2)	\$ 8	\$ 27	\$ 456
OPERATING EXPENSE:								
Plant operating expense:								
Plant maintenance	\$ 57	\$ (3)	(5.1)%	\$ (1)	\$ —	\$ 2	\$ (2)	\$ 55
Other plant operating expense	243	6	2.4 %	(3)	—	7	10	253
Total plant operating expense	301	3	1.0 %	(4)	—	9	8	308
Other operating expense	7	3		7	—	—	11	17
General and administrative	24	3		—	—	—	3	27
Depreciation and amortization	51	1		—	—	—	1	53
Total operating expense	\$ 383	\$ 10		\$ 4	\$ —	\$ 9	\$ 23	\$ 406
Operating Income excluding Impairment Charges	\$ 46	\$ 16		\$ (9)	\$ (2)	\$ (1)	\$ 4	\$ 51

(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
September 30,**

2018 2017

EfW Waste

Tons: (in millions)

Tip fee- contracted	2.3	2.0
Tip fee- uncontracted	0.5	0.5
Service fee	2.4	2.2
Total tons	5.1	4.7

Tip Fee revenue per ton:

Tip fee- contracted	\$ 52.36	\$ 52.75
Tip fee- uncontracted	\$ 80.27	\$ 73.98
Average tip fee	\$ 57.13	\$ 57.03

EfW Energy

Energy sales: (MWh in millions)

Contracted	0.5	0.6
Hedged	0.8	0.7
Market	0.3	0.2
Total energy	1.6	1.5

Market sales by geography: (MWh in millions)

PJM East	0.1	—
NEPOOL	0.1	0.1
NYISO	—	—
Other	0.1	0.1

Revenue per MWh (excludes capacity):

Contracted	\$ 65.41	\$ 66.58
Hedged	\$ 28.24	\$ 32.25
Market	\$ 33.66	\$ 25.79
Average revenue per MWh	\$ 41.48	\$ 45.83

Metals

Tons Recovered: (in thousands)

Ferrous	111	98
Non-ferrous	13	10

Tons Sold: (in thousands)

Ferrous	90	81
Non-ferrous	7	8

Revenue per ton:

Ferrous	\$ 159	\$ 158
Non-ferrous	\$ 1,360	\$ 1,201

EfW plant operating expense: (\$ in millions)

Plant operating expense - gross	\$ 240	\$ 232
Less: Client pass-through costs	(12)	(14)
Less: REC sales - contra-expense	(4)	(3)
Plant operating expense, net	\$ 224	\$ 215

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 nine months ended September 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 nine months ended September 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 nine months ended September 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.