

CASELLA WASTE SYSTEMS INC  
Form DEFA14A  
October 20, 2015

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, DC 20549**

**SCHEDULE 14A**  
**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**  
**(Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**CASELLA WASTE SYSTEMS, INC.**

**(Name of Registrant as Specified in Its Charter)**

**(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)**

Edgar Filing: CASELLA WASTE SYSTEMS INC - Form DEFA14A

*Copies to:*

Jeffrey A. Stein  
Wilmer Cutler Pickering Hale and Dorr LLP  
60 State Street  
Boston, Massachusetts 02109  
(617) 526-6000

Keith E. Gottfried, Esq.  
Morgan, Lewis & Bockius LLP  
1111 Pennsylvania Avenue, N.W.  
Washington, DC 20004-2541  
(202) 739-5947

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials:

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount previously paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Casella Waste Systems, Inc., a Delaware corporation ( Casella or the Company ), is filing materials contained in this Schedule 14A with the U.S. Securities and Exchange Commission ( SEC ) in connection with the solicitation of proxies from its stockholders in connection with its 2015 Annual Meeting of Stockholders to be held on Friday, November 6, 2015, and at any and all adjournments or postponements thereof (the 2015 Annual Meeting ). On September 22, 2015, Casella filed with the SEC its definitive proxy statement and accompanying definitive WHITE proxy card in connection with its solicitation of proxies to be used at the 2015 Annual Meeting.

### **Investor Presentation Made Publicly Available on October 20, 2015**

Attached hereto is an investor presentation that Casella is making publicly available, beginning on October 20, 2015, to stockholders and proxy advisory firms with respect to the 2015 Annual Meeting. The presentation outlines Casella's strategic priorities and the actions the Casella Board of Directors is taking to fulfill those priorities and why the Casella Board of Directors unanimously recommends that stockholders vote the WHITE proxy card in favor of its highly qualified and experienced nominees, and not support JCP Investment Partnership, LP ( JCP ) in its attempt to elect two opposing director candidates. This investor presentation is being filed herewith because it may be deemed to be solicitation material in connection with Casella's solicitation of proxies to be used at the 2015 Annual Meeting. As previously announced, JCP and the other participants in its solicitation are pursuing a proxy contest to elect two nominees to the Casella Board of Directors at the 2015 Annual Meeting.

### **Important Information And Where To Find It**

Casella, its directors and certain of its executive officers are deemed to be participants in the solicitation of proxies from Casella's stockholders in connection with the matters to be considered at Casella's 2015 Annual Meeting of Stockholders. On September 22, 2015, Casella filed a definitive proxy statement and accompanying definitive WHITE proxy card with the Securities and Exchange Commission ( SEC ) in connection with the solicitation of proxies from Casella stockholders in connection with the matters to be considered at Casella's 2015 Annual Meeting of Stockholders. Information regarding the identity of participants, and their direct or indirect interests, by security holdings or otherwise, is set forth in such definitive proxy statement, including the schedules and appendices thereto. INVESTORS AND STOCKHOLDERS ARE STRONGLY ENCOURAGED TO READ THE PROXY STATEMENT, THE ACCOMPANYING WHITE PROXY CARD AND OTHER DOCUMENTS FILED BY CASELLA WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE AS THEY WILL CONTAIN IMPORTANT INFORMATION. Stockholders may obtain the definitive proxy statement, any amendments or supplements to the definitive proxy statement, the accompanying definitive WHITE proxy card, and any other documents filed by Casella with the SEC for no charge at the SEC's website at [www.sec.gov](http://www.sec.gov). Copies are also available at no charge at the Investor Relations section of Casella's corporate website at [www.casella.com](http://www.casella.com), by writing to Casella's Corporate Secretary at Casella Waste Systems, Inc., 25 Greens Hill Lane, Rutland, VT 05701, or by calling Casella's Corporate Secretary at (802) 772-2257.

Casella Waste Systems, Inc.  
Investor Presentation  
October 2015

2

and other targets; landfill operations and permit status may be affected by factors outside our control; we may be required to incur capital expenditures in excess of our estimates; fluctuations in energy pricing or the commodity pricing of our recyclables may make it more difficult for us to predict our results of operations or meet our estimates; actions of activist investors and the cost and disruption of responding to those actions; and we may incur environmental charges or asset impairments in the future. There are a number of other important risks and uncertainties that could cause our actual results to differ materially from those indicated by such forward-looking statements. These additional risks and uncertainties include, without limitation, those detailed in Item 1A, Risk Factors in our Form 10-KT for the transition period ended December 31, 2014 and in our Form 10-Q for the quarterly period ended June 30, 2015.

We undertake no obligation to update publicly any forward-looking statements whether as a result of new information, future events or otherwise, except as required by the federal securities laws.

Safe harbor statement

Certain matters discussed in this presentation are "forward-looking statements" intended to qualify for the safe harbors from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements can generally be identified as such by the context of the statements, including words such as believe, expect, anticipate, plan, may, would, intend, estimate, guidance and other similar expressions, whether in the negative or affirmative. These forward-looking statements are based on current expectations, estimates, forecasts and projections about the industry and markets in which we operate and management's beliefs and assumptions. We cannot guarantee that we actually will achieve the plans, intentions, expectations or guidance disclosed in the forward-looking statements made. Such forward-looking statements, and all phases of our operations, involve a number of risks and uncertainties, any one or more of which could cause actual results to differ materially from those described in our forward-looking statements. Such risks and

uncertainties include or relate to, among other things: adverse weather conditions that have negatively impacted and may continue to negatively impact our revenues and our operating margin; current economic conditions that have adversely affected and may continue to adversely affect our revenues and our operating margin; we may be unable to increase volumes at our landfills or improve our route profitability; our need to service our indebtedness may limit our ability to invest in our business; we may be unable to reduce costs or increase pricing or volumes sufficiently to achieve estimated Adjusted EBITDA

Casella Waste Systems

3

Casella's strategies are driving improved stockholder value  
Redirected strategy and reconstituted management team in  
Dec 2012 -  
which has resulted in improved financial performance.

Execution of key strategies has driven improved financial performance, reduced risk  
exposure, increased cash flows, and reduced leverage.

Stock price up significantly since Dec 2012 with this clear execution.



Continue to execute against long-term plan to drive additional stockholder value.  
Independent Board leadership and oversight aligned with the interests  
of long-term stockholders

Added 2 new highly-qualified independent directors with extensive waste management  
industry experience in the past 4 months.

Enhanced corporate governance practices to be more consistent with best practices.  
In contrast, JCP does not have a plan to increase shareholder value,  
nor do the JCP nominees have relevant experience to add value to  
Casella's Board.

Casella Waste Systems  
4  
Business Overview

Casella Waste Systems

5

Casella Waste Systems -  
Overview

Casella provides integrated solid waste, recycling and resource services.

\$535.8 mm of revenues for LTM ended 6/30/15.

Integrated operations located in six northeast states.

Emphasis on waste solutions, landfills, recycling and customer solutions.  
Focused on providing customers with waste and resource solutions.

Waste and resource assets are well positioned in the northeast.

Robust transfer network allows us to  
effectively move waste and recyclables  
to our disposal & processing facilities.

Provide customers with value-added  
resource solutions through our  
Recycling, Organics, and  
Customer Solutions operations.

Casella Waste Systems  
6  
35 Collection Operations  
18 Recycling Facilities  
10 Disposal Facilities  
(1)  
4 Landfill Gas-to-Energy

44 Transfer Stations

Casella Service Area

Note: Total disposal capacity includes permitted and permittable airspace estimates at each site as of December 31, 2014.

(1)  
Includes nine Subtitle D landfills and one landfill permitted to accept construction and demolition materials.

(2)  
Annual capacity does not reflect the 1.5 million tons per year rail permit at McKean LF.

Hakes LF

462k tons/yr

4.0mm tons capacity

Chemung LF

200.5k tons/yr

6.8mm tons capacity

Hyland LF

312k tons/yr

14.6mm tons capacity

Clinton LF

175k tons/yr

15.7mm tons capacity

WasteUSA LF

600k tons/yr

14.4mm tons capacity

NCES LF

No annual cap

1.8mm tons capacity

Juniper Ridge LF

No annual cap

23.8mm tons capacity

Southbridge LF

405k tons/yr

7.0mm tons capacity

Ontario LF

918k tons/yr

12.8mm tons capacity

McKean LF

(2)

312k tons/yr

2.1mm tons capacity

Company Overview

Casella Waste Systems

7

Strong execution of key strategies since Dec 2012

(1)

Excludes low priced soils at the Worcester landfill closure project.

Strategic Focus since Dec 2012

Results

#1

Strengthening  
management  
team

New President/COO and CFO in Dec 2012

#2

-

Sourcing  
incremental  
landfill  
volumes

Annual  
Landfill  
volumes

up  
+716k  
tons  
since  
FY  
2013  
(1)

Annual  
Disposal  
AEBITDA

up  
+\$15.8mm  
since  
FY  
2013  
(1)  
#3

-

Driving  
additional  
profitability  
of  
collection operations

Pricing programs continue to drive value; with Residential  
& Commercial pricing up +4.3% in Q2 2015

Focused on operational efficiency programs

#4

-

Executing  
Eastern  
Region  
strategy

AEBITDA margins up from 15.0% LTM 10/31/12 to  
over 22% LTM 6/30/15

Repositioned assets and improved operations  
New municipal contracts; MSW permit at Juniper  
Ridge LF; expanded Southbridge LF; sold  
BioFuels; acquired BBI; sold Maine Energy  
#5

-

Reducing  
business  
risk

Sold non-core, non-performing operations (Maine  
Energy, BioFuels, GreenFiber, CARES assets)

Changed fiscal year end to better match business cycle

Refinanced Revolver in Feb 2015 (new maturity 2020)



Casella Waste Systems  
Results since FY 2013:

Revenue growth +\$80.5mm (or +17.7%)  
mainly  
driven  
by  
Disposal  
(+\$39.7mm)  
(2)  
,  
Collection (+\$23.6mm), and Customer

Solutions (+\$18.2mm).

Adj. EBITDA up +\$12.5mm (or +14.2%)  
mainly driven by higher landfill volumes and  
strategic execution.

Landfill tons up +716k annually (or +20.1%),  
while  
increasing  
pricing  
by  
+2.5%.  
(3)

Residential and Commercial collection price  
increases accelerating (up +4.3% in Q2 2015).

8

Results up significantly on strategic execution

Revenue (\$mm)

Adj. EBITDA (\$mm) & Margin

(1)

\$535

to

\$525

\$107

to

\$103

(4)

(4)

2015

Guidance

FYE

4/30/13

FYE

4/30/14

CYE

12/31/14

LTM

6/30/15

---

(1)

Please refer to the appendix for further information and a reconciliation of Adjusted EBITDA and Adjusted EBITDA Margin to the most directly comparable GAAP measure, which is net loss. Net loss for the periods presented above was (\$54.5mm) for the fiscal year ended 4/30/13, (\$27.4mm) for the fiscal year ended 4/30/14, (\$29.1mm) for the calendar year ended 12/31/14 and (\$12.2mm) for the twelve months ended June 30, 2015.

(2)

Disposal Revenue includes Worcester landfill.

(3)

Excludes low-priced soils at the Worcester landfill closure project.

(4)

CY 2015 Guidance as reaffirmed on 10/19/15.

\$455.3

\$497.6

\$525.9

\$535.8

FYE

4/30/13

FYE

4/30/14

CYE

12/31/14

LTM

6/30/15

2015

Guidance

\$87.8

\$95.1

\$96.8

\$100.3

19.3%

19.1%

18.4%

18.7%

19.8%

Casella Waste Systems  
~74%  
revenues  
in  
Solid  
Waste.

Solid Waste consists of integrated collection,  
transfer, landfill, energy, and processing.

Margin improvement driven by higher landfill  
tons, pricing, cost efficiencies, and asset

repositioning.

Target Adj. EBITDA margins > 27% in 2018.

~26% revenues in Resource Solutions.

(1)

Resource Solutions consists of recycling, organics, and Customer Solutions operations.

Recycling margins down on lower commodity pricing; working to improve with SRA Fee, contract resets, and operating efficiencies.

Organics margins flat; low margin, high return business.

Customer Solution margins up on Industrials growth and higher G&A leverage.

9

Solid Waste operations driving improving margins

(1)

Resource Solutions includes revenues derived from the Recycling, Organics, and Customer Solutions business units; disclosed the Recycling and Other segments.

FYE

4/30/13

FYE

4/30/14

CYE

12/31/14

LTM

6/30/15

Collection

43.3%

Disposal

27.6%

Energy &

Processing

2.8%

Recycling

8.9%

Organics

7.4%

Customer

Solutions

10.0%

24.0%

24.6%

24.5%

25.2%

LTM 6/30/15

Revenue Splits

(1)

Solid Waste Adjusted EBITDA Margins

Casella Waste Systems

Strategic plan expected to drive significant shareholder value

10

Management focused in key areas to increase free cash flow and to reduce debt leverage:

Creating incremental value through Resource Solutions

3

1

Increasing landfill returns

2

Driving additional profitability in collection operations

Improving balance sheet and reducing risk

4

Casella Waste Systems

Strategic plan expected to drive significant shareholder value

Plan focused on improving Free Cash Flow and reducing debt leverage:

CY 2015

Guidance Range

(1)

CY 2018

Financial Targets

Revenues

\$525mm

to \$535mm

CAGR 1.7%

to 2.6%

Adjusted

EBITDA

(2)

\$103mm



to \$107mm

\$122mm

to \$132mm

Free Cash Flow

(2)

\$15mm

to \$19mm

\$30mm

to \$40mm

Total Debt-to-EBITDA

(3)

N/A

3.25x to 3.75x

Capital

Expenditures

\$45mm

to \$48mm

(8.6% to 9.0% of revenues)

8.7% to 9.5% of

revenues

---

(1)

CY 2015 Guidance as reaffirmed on 10/19/15.

(2)

Adjusted EBITDA and Free Cash Flow as defined in the appendix reconciliation.

(3)

Total Debt-to-EBITDA as defined as Consolidated Leverage Ratio in the Company's Loan & Security Agreement dated as

11

Casella Waste Systems

Adjusted EBITDA Bridge (\$mm)

12

Strategic initiatives expected to drive profitable growth

\$132 to

\$122

\$87.8

\$95.1

FYE

4/30/13

FYE

4/30/14

2015  
Guidance  
2018  
Target

Eastern LF price  
(+350bps/yr in  
excess of CPI)

Western LF volumes  
(+200k to +400k  
tons/yr)

Focus on operating  
efficiencies

Improve margins by  
+80 to +120bps/yr

Focus on pricing,  
operating efficiencies  
and selling/swapping  
under-performing  
routes

Recycling focus on  
driving returns (SRA  
fee, increased 3  
rd  
party tipping fees,  
and efficiencies)

Customer Solutions  
focus on industrial  
services growth

Unidentified  
downsides to  
projections  
+\$10 to +\$18  
+\$11 to +\$15  
+\$6 to +\$7  
(\$10) to (\$13)

#1 -

Landfills

#2 -

Collection

#3 -

Resource Solutions

Other

\$107 to  
\$103  
Upsides  
not  
included  
in  
plan:

McKean landfill rail infrastructure

Recovery of C&D

Recovery of commodity pricing  
(recycling or energy)

Additional  
landfill  
volumes  
in  
East

Landfill permit expansions

Casella Waste Systems  
Landfill Highlights:

Casella controls 10 landfills in strategic locations  
across the Northeast.

Thank you.

CONCLUSION

Operator

This concludes our question-and-answer session and also concludes the conference. Thank you for attending today's presentation.

\* \* \* \* \*

---

IMPORTANT ADDITIONAL INFORMATION AND WHERE TO FIND IT

On April 17, 2018, the Company filed a definitive proxy statement on Schedule 14A and form of associated WHITE proxy card.