

COVANTA HOLDING CORP
Form 10-Q
April 27, 2016
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

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

For the quarterly period ended March 31, 2016

or

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 1-06732

COVANTA HOLDING CORPORATION

(Exact name of registrant as specified in its charter)

Delaware 95-6021257
(State or Other Jurisdiction of (I.R.S. Employer
Incorporation or Organization) Identification Number)

445 South Street, Morristown, NJ 07960
(Address of Principal Executive Office) (Zip Code)
(862) 345-5000
(Registrant’s telephone number including area code)

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 No

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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

(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 Exchange Act). Yes No

Applicable Only to Corporate Issuers:

Indicate the number of shares of the registrant’s Common Stock outstanding as of the latest practicable date.

Class Outstanding at April 22, 2016
Common Stock, \$0.10 par value 130,612,402

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COVANTA HOLDING CORPORATION AND SUBSIDIARIES
 FORM 10-Q QUARTERLY REPORT
 For the Quarter Ended March 31, 2016

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report contains “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are those that address activities, events or developments that we or our management intends, expects, projects, believes or anticipates will or may occur in the future. They are based on management’s assumptions and assessments in the light of past experience and trends, current economic and industry conditions, expected future developments and other relevant factors. They are not guarantees of future performance, and actual results, developments and business decisions may differ from those envisaged by our forward-looking statements. Our forward-looking statements are also subject to risks and uncertainties, which can affect our performance in both the near- and long-term. These forward-looking statements should be considered in the light of the information included in this report and our other filings with the Securities and Exchange Commission, including, without limitation, the Risk Factors, as well as the description of trends and other factors in Management’s Discussion and Analysis of Financial Condition and Results of Operations, set forth in our 2015 Annual Report on Form 10-K.

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PART I. FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

COVANTA HOLDING CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended March 31, 2016 2015 (Unaudited) (In millions, except per share amounts)	
OPERATING REVENUE:		
Waste and service revenue	\$279	\$246
Energy revenue	101	112
Recycled metals revenue	13	16
Other operating revenue	10	9
Total operating revenue	403	383
OPERATING EXPENSE:		
Plant operating expense	315	289
Other operating expense	12	11
General and administrative expense	23	28
Depreciation and amortization expense	52	48
Impairment charges	15	—
Total operating expense	417	376
Operating (loss) income	(14) 7
Other expense:		
Interest expense, net	(34) (35)
Other expense, net	(2) (2)
Total other expense	(36) (37)
Loss before income tax benefit (expense) and equity in net income from unconsolidated investments	(50) (30)
Income tax benefit (expense)	10	(10)
Equity in net income from unconsolidated investments	3	3
NET LOSS ATTRIBUTABLE TO COVANTA HOLDING CORPORATION	\$(37) \$(37)
Weighted Average Common Shares Outstanding:		
Basic	129	132
Diluted	129	132
Loss Per Share Attributable to Covanta Holding Corporation Stockholders:		
Basic	\$(0.29)	\$(0.28)
Diluted	\$(0.29)	\$(0.28)
Cash Dividend Declared Per Share:	\$0.25	\$0.25

The accompanying notes are an integral part of the condensed consolidated financial statements.

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COVANTA HOLDING CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Three Months Ended March 31, 2016 2015 (Unaudited) (In millions)	
Net loss attributable to Covanta Holding Corporation	\$(37)	\$(37)
Foreign currency translation	9	(13)
Net unrealized loss on derivative instruments, net of tax benefit of \$0 and \$1, respectively	(7)	(7)
Other comprehensive income (loss) attributable to Covanta Holding Corporation	2	(20)
Comprehensive loss attributable to Covanta Holding Corporation	\$(35)	\$(57)

The accompanying notes are an integral part of the condensed consolidated financial statements.

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COVANTA HOLDING CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

As of
March 31, December 31,
2016 2015
(Unaudited)
(In millions, except per
share amounts)

ASSETS

Current:

Cash and cash equivalents \$ 106