CHAN KELLOGG
Form 5
February 08, 2013

FORM 5

OMB APPROVAL

OMB Number:	3235-0362
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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).
Form 3 Holdings Reported
Form 4 Transactions Reported

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

ANNUAL STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person *
CHAN KELLOGG

(Last) (First) (Middle)

4800 WILSHIRE BOULEVARD

(Street)

LOS ANGELES,Â CAÂ 90010

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
BROADWAY FINANCIAL CORP \DE\ [BYFC]

3. Statement for Issuer's Fiscal Year Ended (Month/Day/Year)
12/31/2012

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
_____ Officer (give title below) _____ Other (specify below)

6. Individual or Joint/Group Reporting

(check applicable line)

_X_ Form Filed by One Reporting Person
___ Form Filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned at end of Issuer's Fiscal Year (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
				Amount	(A) or (D)	Price			
Common Stock	Â	Â	(2)	Â	Â	Â	39,014	D	Â
Common Stock	Â	Â	(2)	Â	Â	Â	1,000	D	Â

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 2270 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. D S (I
					(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
Stock Option (Right to Buy)	$ 6	Â	Â	(1)	Â	Â	01/21/2010	01/21/2020	Common Stock	1,250	
Stock Option (Right to Buy)	$ 4	Â	Â	(1)	Â	Â	01/21/2009	01/21/2019	Common Stock	1,875	

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
CHAN KELLOGG 4800 WILSHIRE BOULEVARD LOS ANGELES,Â CAÂ 90010	Â X	Â	Â	Â

Signatures

\s\ Daniele C. Johnson, Attorney-as-in-fact	02/08/2013
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) The Board of Directors granted these Stock Options with a Right to Buy. They vest in five annual installments.

(2) These shares are held directly.

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Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. #000000;font-family:Times New Roman,Times,serif;font-size: 8pt;">

Field &

Environmental

Industrial

$s in thousands

Services

Services

Corporate

Explanation of Responses:

Total

Revenue

$

89,591

$

36,466

$

—

$

126,057

Depreciation, amortization and accretion

$

9,105

$

1,451

$

128

$

10,684

Capital expenditures

$

7,771

$

1,839

$

723

$

10,333

Total assets

$

608,207

$

124,466

$

56,773

$

789,446

	Six Months Ended June 30, 2018			
		Field &		
	Environmental	Industrial		
$s in thousands	Services	Services	Corporate	Total
Revenue	$ 185,431	$ 71,540	$ —	$ 256,971
Depreciation, amortization and accretion	$ 17,186	$ 2,770	$ 446	$ 20,402
Capital expenditures	$ 10,939	$ 2,887	$ 1,134	$ 14,960
Total assets	$ 599,706	$ 126,797	$ 98,160	$ 824,663

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$s in thousands	Six Months Ended June 30, 2017 Environmental Services	Field & Industrial Services	Corporate	Total
Revenue	$ 170,894	$ 65,397	$ —	$ 236,291
Depreciation, amortization and accretion	$ 17,895	$ 2,909	$ 258	$ 21,062
Capital expenditures	$ 13,610	$ 2,339	$ 1,603	$ 17,552
Total assets	$ 608,207	$ 124,466	$ 56,773	$ 789,446

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA")

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

· Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;

· Adjusted EBITDA does not reflect our interest expense, or the requirements necessary to service interest or principal payments on our debt;

· Adjusted EBITDA does not reflect our income tax expenses or the cash requirements to pay our taxes;

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

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

replacements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
$s in thousands	2018	2017	2018	2017
Net income	$ 13,220	$ 5,049	$ 22,463	$ 10,234
Income tax expense	4,258	2,718	7,778	5,797
Interest expense	2,907	8,474	5,716	12,604
Interest income	(39)	(21)	(63)	(31)
Foreign currency (gain) loss	139	(158)	153	(246)
Other income	(193)	(166)	(2,316)	(303)
Depreciation and amortization of plant and equipment	7,044	6,987	13,649	13,621
Amortization of intangibles	2,296	2,615	4,598	5,286
Stock-based compensation	1,011	1,043	2,079	1,959
Accretion and non-cash adjustment of closure & post-closure liabilities	1,081	1,082	2,155	2,155
Adjusted EBITDA	$ 31,724	$ 27,623	$ 56,212	$ 51,076

Adjusted EBITDA, by operating segment, is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
$s in thousands	2018	2017	2018	2017
Adjusted EBITDA:				
Environmental Services	$ 39,860	$ 34,642	$ 74,532	$ 66,498
Field & Industrial Services	4,562	4,119	6,907	6,183
Corporate	(12,698)	(11,138)	(25,227)	(21,605)
Total	$ 31,724	$ 27,623	$ 56,212	$ 51,076

Property and Equipment and Intangible Assets Outside of the United States

We provide services in the United States and Canada. Long-lived assets, comprised of property and equipment and intangible assets net of accumulated depreciation and amortization, by geographic location are as follows:

$s in thousands	June 30, 2018	December 31, 2017

United States	$ 390,769	$ 396,066
Canada	58,487	61,178
Total long-lived assets	$ 449,256	$ 457,244

NOTE 16. SUBSEQUENT EVENTS

Quarterly Dividend

On July 2, 2018, we declared a quarterly dividend of $0.18 per common share to stockholders of record on July 20, 2018. The dividend was paid using cash on hand on July 27, 2018 in an aggregate amount of $4.0 million.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Results of Review of Interim Financial Information

We have reviewed the accompanying consolidated balance sheet of US Ecology, Inc. and subsidiaries (the "Company") as of June 30, 2018, the related consolidated statements of operations, comprehensive income, and cash flows for the three-month and six-month periods ended June 30, 2018 and 2017, and the related notes (collectively referred to as the "interim financial information"). Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial information for it to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of the Company as of December 31, 2017, and the related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows for the year then ended (not presented herein); and in our report dated February 26, 2018, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet as of December 31, 2017, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Basis for Review Results

This interim financial information is the responsibility of the Company's management. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

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

/s/ Deloitte & Touche LLP

Boise, Idaho

August 6, 2018

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

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

OVERVIEW

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

We have fixed facilities and service centers operating in the United States, Canada and Mexico. Our fixed facilities include five Resource Conservation and Recovery Act of 1976, subtitle C, hazardous waste landfills and one low-level radioactive waste landfill located near Beatty, Nevada; Richland, Washington; Robstown, Texas; Grand View, Idaho; Detroit, Michigan and Blainville, Québec, Canada. These facilities generate revenue from fees charged to treat and dispose of waste and from fees charged to perform various field and industrial services for our customers.

Our operations are managed in two reportable segments reflecting our internal management reporting structure and nature of services offered as follows:

Environmental Services - This segment provides a broad range of hazardous material management services including transportation, recycling, treatment and disposal of hazardous and non-hazardous waste at Company-owned landfill, wastewater and other treatment facilities.

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

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In order to provide insight into the underlying drivers of our waste volumes and related treatment and disposal ("T&D") revenues, we evaluate period-to-period changes in our T&D revenue for our Environmental Services segment based on the industry of the waste generator, based on North American Industry Classification System ("NAICS") codes.

The composition of Environmental Services segment T&D revenues by waste generator industry for the three and six months ended June 30, 2018 and 2017 were as follows:

Generator Industry	% of Treatment and Disposal Revenue (1) for the Three Months Ended June 30, 2018	2017
Metal Manufacturing	17%	17%
Chemical Manufacturing	14%	15%
Broker / TSDF	14%	12%
General Manufacturing	12%	12%
Refining	11%	10%
Government	6%	6%
Waste Management & Remediation	4%	2%
Utilities	3%	4%
Transportation	3%	3%
Mining, Exploration and Production	2%	2%
Other (2)	14%	17%

(1) Excludes all transportation service revenue
(2) Includes retail and wholesale trade, rate regulated, construction and other industries

Generator Industry	% of Treatment and Disposal Revenue (1) for the Six Months Ended June 30, 2018	2017
Metal Manufacturing	16%	16%
Chemical Manufacturing	14%	13%
Broker / TSDF	14%	14%
General Manufacturing	12%	13%

Refining	11%	12%
Government	6%	6%
Utilities	3%	4%
Waste Management & Remediation	3%	2%
Transportation	3%	2%
Mining, Exploration and Production	2%	2%
Other (2)	16%	16%

(1) Excludes all transportation service revenue
(2) Includes retail and wholesale trade, rate regulated, construction and other industries

We also categorize our Environmental Services T&D revenue as either “Base Business” or “Event Business” based on the underlying nature of the revenue source.

Base Business consists of waste streams from ongoing industrial activities and tends to be recurring in nature. We define Event Business as non-recurring projects that are expected to equal or exceed 1,000 tons, with Base Business defined as all other business not meeting the definition of Event Business. The duration of Event Business projects can last from a several-week cleanup of a contaminated site to a multiple year cleanup project.

For the three months ended June 30, 2018, Base Business revenue increased 13% compared to the three months ended June 30, 2017. For the three months ended June 30, 2018, approximately 81% of our total T&D revenue was derived from our Base Business, up from 77% for the three months ended June 30, 2017. For the six months ended June 30, 2018, Base

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Business revenue increased 8% compared to the six months ended June 30, 2017. For the six months ended June 30, 2018, approximately 82% of our total T&D revenue was derived from our Base Business, up from 81% for the six months ended June 30, 2017. Our business is highly competitive and no assurance can be given that we will maintain these revenue levels or increase our market share.

A significant portion of our disposal revenue is attributable to discrete Event Business projects which vary widely in size, duration and unit pricing. For the three months ended June 30, 2018, approximately 19% of our total T&D revenue was derived from Event Business projects, down from 23% for the three months ended June 30, 2017. For the three months ended June 30, 2018, Event Business revenue decreased 8% compared to the three months ended June 30, 2017. For the six months ended June 30, 2018, approximately 18% of our total T&D revenue was derived from Event Business projects, down from 19% for the six months ended June 30, 2017. For the six months ended June 30, 2018, Event Business revenue decreased 1% compared to the six months ended June 30, 2017. The one-time nature of Event Business, diverse spectrum of waste types received and widely varying unit pricing necessarily creates variability in revenue and earnings. This variability may be influenced by general and industry-specific economic conditions, funding availability, changes in laws and regulations, government enforcement actions or court orders, public controversy, litigation, weather, commercial real estate, closed military bases and other project timing, government appropriation and funding cycles and other factors. The types and amounts of waste received from Base Business also vary from quarter to quarter.

This variability can also cause significant quarter-to-quarter and year-to-year differences in revenue, gross profit, gross margin, operating income and net income. While we pursue many projects months or years in advance of work performance, cleanup project opportunities routinely arise with little or no prior notice. These market dynamics are inherent to the waste disposal business and are factored into our projections and externally communicated business outlook statements. Our projections combine historical experience with identified sales pipeline opportunities, new or expanded service line projections and prevailing market conditions.

Depending on project-specific customer needs and competitive economics, transportation services may be offered at or near our cost to help secure new business. For waste transported by rail from the eastern United States and other locations distant from our Grand View, Idaho and Robstown, Texas facilities, transportation-related revenue can account for as much as 75% of total project revenue. While bundling transportation and disposal services reduces overall gross profit as a percentage of total revenue (“gross margin”), this value-added service has allowed us to win multiple projects that management believes we could not have otherwise competed for successfully. Our Company-owned fleet of gondola railcars, which is periodically supplemented with railcars obtained under operating leases, has reduced our transportation expenses by largely eliminating reliance on more costly short-term rentals. These Company-owned railcars also help us to win business during times of demand-driven railcar scarcity.

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

continue aggressively bidding bundled transportation and disposal services based on this proven strategy.

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

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RESULTS OF OPERATIONS

THREE MONTHS ENDED JUNE 30, 2018 COMPARED TO THREE MONTHS ENDED JUNE 30, 2017

Operating results and percentage of revenues were as follows:

	Three Months Ended June 30,				2018 vs. 2017	
$s in thousands	2018	%	2017	%	$ Change	% Change
Revenue						
Environmental Services	$ 98,960	72 %	$ 89,591	71 %	$ 9,369	10 %
Field & Industrial Services	37,952	28 %	36,466	29 %	1,486	4 %
Total	136,912	100 %	126,057	100 %	10,855	9 %
Gross Profit						
Environmental Services	35,899	36 %	30,673	34 %	5,226	17 %
Field & Industrial Services	5,549	15 %	5,223	14 %	326	6 %
Total	41,448	30 %	35,896	28 %	5,552	15 %
Selling, General & Administrative Expenses						
Environmental Services	4,825	5 %	5,260	6 %	(435)	(8) %
Field & Industrial Services	2,454	6 %	2,628	7 %	(174)	(7) %
Corporate	13,877	n/m	12,112	n/m	1,765	15 %
Total	21,156	15 %	20,000	16 %	1,156	6 %
Adjusted EBITDA						
Environmental Services	39,860	40 %	34,642	39 %	5,218	15 %
Field & Industrial Services	4,562	12 %	4,119	11 %	443	11 %
Corporate	(12,698)	n/m	(11,138)	n/m	(1,560)	14 %
Total	$ 31,724	23 %	$ 27,623	22 %	$ 4,101	15 %

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (“Adjusted EBITDA”)

The primary financial measure used by management to assess segment performance is Adjusted EBITDA. Adjusted EBITDA is defined as net income before interest expense, interest income, income tax expense, depreciation, amortization, stock-based compensation, accretion of closure and post-closure liabilities, foreign currency gain/loss and other income/expense. The reconciliation of Net income to Adjusted EBITDA is as follows:

	Three Months Ended June 30,		2018 vs. 2017		
$s in thousands	2018	2017	$ Change	% Change	
Net income	$ 13,220	$ 5,049	$ 8,171	162	%
Income tax expense	4,258	2,718	1,540	57	%
Interest expense	2,907	8,474	(5,567)	(66)	%
Interest income	(39)	(21)	(18)	86	%
Foreign currency (gain) loss	139	(158)	297	(188)	%
Other income	(193)	(166)	(27)	16	%
Depreciation and amortization of plant and equipment	7,044	6,987	57	1	%
Amortization of intangibles	2,296	2,615	(319)	(12)	%
Stock-based compensation	1,011	1,043	(32)	(3)	%
Accretion and non-cash adjustment of closure & post-closure liabilities	1,081	1,082	(1)	(0)	%
Adjusted EBITDA	$ 31,724	$ 27,623	$ 4,101	15	%

Adjusted EBITDA is a complement to results provided in accordance with accounting principles generally accepted in the United States ("GAAP") and we believe that such information provides additional useful information to analysts, stockholders and other users to understand the Company's operating performance. Since Adjusted EBITDA is not a measurement determined in accordance with GAAP and is thus susceptible to varying calculations, Adjusted EBITDA as

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Explanation of Responses:

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presented may not be comparable to other similarly titled measures of other companies. Items excluded from Adjusted EBITDA are significant components in understanding and assessing our financial performance. Adjusted EBITDA should not be considered in isolation or as an alternative to, or substitute for, net income, cash flows generated by operations, investing or financing activities, or other financial statement data presented in the consolidated financial statements as indicators of financial performance or liquidity.

Adjusted EBITDA has limitations as an analytical tool and should not be considered in isolation or a substitute for analyzing our results as reported under GAAP. Some of the limitations are:

- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;

- Adjusted EBITDA does not reflect our interest expense, or the requirements necessary to service interest or principal payments on our debt;

- Adjusted EBITDA does not reflect our income tax expenses or the cash requirements to pay our taxes;

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

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

Revenue

Total revenue increased 9% to $136.9 million for the second quarter of 2018 compared with $126.1 million for the second quarter of 2017.

Environmental Services

Environmental Services segment revenue increased 10% to $99.0 million for the second quarter of 2018 compared to $89.6 million for the second quarter of 2017. T&D revenue increased 9% compared to the second quarter of 2017, primarily as a result of a 13% increase in Base Business revenue, partially offset by an 8% decrease in project-based Event Business revenue. Transportation service revenue increased 13% compared to the second quarter of 2017,

reflecting more Event Business projects utilizing the Company's transportation and logistics services. Total tons of waste disposed of or processed across all of our facilities increased 1% for the second quarter of 2018 compared to the second quarter of 2017. Tons of waste disposed of or processed at our landfills decreased 6% for the second quarter of 2018 compared to the second quarter of 2017.

T&D revenue from recurring Base Business waste generators increased 13% for the second quarter of 2018 compared to the second quarter of 2017 and comprised 81% of total T&D revenue for the second quarter of 2018. During the second quarter of 2018, increases in Base Business T&D revenue were primarily attributable to the broker/TSDF, chemical manufacturing and refining industry groups.

T&D revenue from Event Business waste generators decreased 8% for the second quarter of 2018 compared to the second quarter of 2017 and comprised 19% of total T&D revenue for the second quarter of 2018. During the second quarter of 2018, decreases in Event Business T&D revenue from the "Other", chemical manufacturing and utilities industry groups were partially offset by an increase in Event Business T&D revenue from the metal manufacturing industry group.

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The following table summarizes combined Base Business and Event Business T&D revenue growth, within the Environmental Services segment, by generator industry for the second quarter of 2018 as compared to the second quarter of 2017:

	Treatment and Disposal Revenue Growth Three Months Ended June 30, 2018 vs. Three Months Ended June 30, 2017
Waste Management & Remediation	52%
Broker / TSDF	27%
Mining, Exploration & Production	19%
Refining	15%
Metal Manufacturing	12%
Government	9%
Chemical Manufacturing	7%
Transportation	2%
General Manufacturing	1%
Other	-6%
Utilities	-19%

Field & Industrial Services

Field & Industrial Services segment revenue increased 4% to $38.0 million for the second quarter of 2018 compared with $36.5 million for the second quarter of 2017. The increase in Field & Industrial Services segment revenue is primarily attributable to growth in our Small Quantity Generation business lines as well as stronger overall market conditions.

Gross Profit

Total gross profit increased 15% to $41.4 million for the second quarter of 2018, up from $35.9 million for the second quarter of 2017. Total gross margin was 30% for the second quarter of 2018 compared with 28% for the second quarter of 2017.

Environmental Services

Environmental Services segment gross profit increased 17% to $35.9 million for the second quarter of 2018, up from $30.7 million for the second quarter of 2017. Total segment gross margin for the second quarter of 2018 was 36% compared with 34% for the second quarter of 2017. T&D gross margin was 42% for the second quarter of 2018 compared with 38% for the second quarter of 2017. The increase in T&D gross margin primarily reflects recovery from the temporary closure of one of our treatment facilities during the second quarter of 2017 due to severe wind damage.

Field & Industrial Services

Field & Industrial Services segment gross profit increased 6% to $5.5 million for the second quarter of 2018. Total segment gross margin was 15% for the second quarter of 2018 compared with 14% for the second quarter of 2017, primarily attributable to higher revenues in the second quarter of 2018 compared to the second quarter of 2017.

Selling, General and Administrative Expenses (“SG&A”)

Total SG&A was $21.2 million, or 15% of total revenue, for the second quarter of 2018 compared with $20.0 million, or 16% of total revenue, for the second quarter of 2017.

Environmental Services

Environmental Services segment SG&A decreased 8% to $4.8 million, or 5% of segment revenue, for the second quarter of 2018 compared with $5.3 million, or 6% of segment revenue, for the second quarter of 2017, primarily reflecting lower property tax expenses, lower bad debt expenses and lower amortization expense, partially offset by lower insurance

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proceeds recognized in the second quarter of 2018 compared to the second quarter of 2017. The decrease in property tax expense in the second quarter of 2018 was the result of a settlement on a dispute related to a previous property tax assessment. The second quarter of 2017 benefitted from the recognition of insurance proceeds related to the repair of one of our treatment facilities after suffering severe wind damage.

Field & Industrial Services

Field & Industrial Services segment SG&A decreased 7% to $2.5 million, or 6% of segment revenue, for the second quarter of 2018 compared with $2.6 million, or 7% of segment revenue, for the second quarter of 2017, primarily reflecting lower bad debt expenses and lower amortization expense, partially offset by lower insurance proceeds recognized in the second quarter of 2018 compared to the second quarter of 2017.

Corporate

Corporate SG&A was $13.9 million, or 10% of total revenue, for the second quarter of 2018 compared with $12.1 million, or 10% of total revenue, for the second quarter of 2017, primarily reflecting higher employee labor costs, higher information technology related expenses and higher consulting and professional services in the second quarter of 2018 compared with the second quarter of 2017.

Components of Adjusted EBITDA

Income tax expense

Our effective income tax rate for the second quarter of 2018 was 24.4% compared with 35.0% for the second quarter of 2017. The decrease was primarily the result of the impact of the Tax Act, enacted on December 22, 2017 by the U.S. government which reduced the federal corporate tax rate to 21% from the existing maximum rate of 35%.

Interest expense

Interest expense was $2.9 million for the second quarter of 2018 compared with $8.5 million for the second quarter of 2017. The decrease in interest expense in the second quarter of 2018 was primarily the result of a one-time non-cash

charge of $5.5 million to interest expense in second quarter of 2017 related to the refinancing of our former credit facility.

Foreign currency gain (loss)

We recognized a $139,000 non-cash foreign currency loss for the second quarter of 2018 compared with a $158,000 non-cash foreign currency gain for the second quarter of 2017. Foreign currency gains and losses reflect changes in business activity conducted in a currency other than the United States dollar (“USD”), our functional currency. Additionally, we established intercompany loans between our Canadian subsidiaries, whose functional currency is the Canadian dollar (“CAD”), and our parent company, US Ecology, as part of a tax and treasury management strategy allowing for repayment of third-party bank debt. These intercompany loans are payable by our Canadian subsidiaries to US Ecology in CAD requiring us to revalue the outstanding loan balance through our statements of operations based on USD/CAD currency movements from period to period. At June 30, 2018, we had $20.8 million of intercompany loans subject to currency revaluation.

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Other income

Other income was $193,000 for the second quarter of 2018 compared with other income of $166,000 for the second quarter of 2017.

Depreciation and amortization of plant and equipment

Depreciation and amortization expense was $7.0 million for the second quarter of both 2018 and 2017.

Amortization of intangibles

Intangible assets amortization expense was $2.3 million for the second quarter of 2018 compared with $2.6 million for the second quarter of 2017, primarily reflecting the full amortization of certain intangible assets in 2017.

Stock-based compensation

Stock-based compensation expense was $1.0 million for the second quarter of both 2018 and 2017.

Accretion and non-cash adjustment of closure and post-closure liabilities

Accretion and non-cash adjustment of closure and post-closure liabilities was $1.1 million for the second quarter of both 2018 and 2017.

SIX MONTHS ENDED JUNE 30, 2018 COMPARED TO SIX MONTHS ENDED JUNE 30, 2017

Operating results and percentage of revenues were as follows:

	Six Months Ended June 30,				2018 vs. 2017	
$s in thousands	2018	%	2017	%	$ Change	% Change
Revenue						
Environmental Services	$ 185,431	72 %	$ 170,894	72 %	$ 14,537	9 %
Field & Industrial Services	71,540	28 %	65,397	28 %	6,143	9 %
Total	256,971	100 %	236,291	100 %	20,680	9 %
Gross Profit						
Environmental Services	68,351	37 %	59,360	35 %	8,991	15 %
Field & Industrial Services	8,768	12 %	8,409	13 %	359	4 %
Total	77,119	30 %	67,769	29 %	9,350	14 %
Selling, General & Administrative Expenses						
Environmental Services	11,201	6 %	10,991	6 %	210	2 %
Field & Industrial Services	4,711	7 %	5,269	8 %	(558)	(11) %
Corporate	27,476	n/m	23,454	n/m	4,022	17 %
Total	43,388	17 %	39,714	17 %	3,674	9 %
Adjusted EBITDA						
Environmental Services	74,532	40 %	66,498	39 %	8,034	12 %
Field & Industrial Services	6,907	10 %	6,183	9 %	724	12 %
Corporate	(25,227)	n/m	(21,605)	n/m	(3,622)	17 %
Total	$ 56,212	22 %	$ 51,076	22 %	$ 5,136	10 %

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (“Adjusted EBITDA”)

The primary financial measure used by management to assess segment performance is Adjusted EBITDA. Adjusted EBITDA is defined as net income before interest expense, interest income, income tax expense, depreciation, amortization,

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stock-based compensation, accretion of closure and post-closure liabilities, foreign currency gain/loss and other income/expense. The reconciliation of Net income to Adjusted EBITDA is as follows:

	Six Months Ended June 30,		2018 vs. 2017		
$s in thousands	2018	2017	$ Change	% Change	
Net income	$ 22,463	$ 10,234	$ 12,229	119	%
Income tax expense	7,778	5,797	1,981	34	%
Interest expense	5,716	12,604	(6,888)	(55)	%
Interest income	(63)	(31)	(32)	103	%
Foreign currency (gain) loss	153	(246)	399	(162)	%
Other income	(2,316)	(303)	(2,013)	664	%
Depreciation and amortization of plant and equipment	13,649	13,621	28	0	%
Amortization of intangibles	4,598	5,286	(688)	(13)	%
Stock-based compensation	2,079	1,959	120	6	%
Accretion and non-cash adjustment of closure & post-closure liabilities	2,155	2,155	—	—	%
Adjusted EBITDA	$ 56,212	$ 51,076	$ 5,136	10	%

Adjusted EBITDA is a complement to results provided in accordance with accounting principles generally accepted in the United States (“GAAP”) and we believe that such information provides additional useful information to analysts, stockholders and other users to understand the Company’s operating performance. Since Adjusted EBITDA is not a measurement determined in accordance with GAAP and is thus susceptible to varying calculations, Adjusted EBITDA as presented may not be comparable to other similarly titled measures of other companies. Items excluded from Adjusted EBITDA are significant components in understanding and assessing our financial performance. Adjusted EBITDA should not be considered in isolation or as an alternative to, or substitute for, net income, cash flows generated by operations, investing or financing activities, or other financial statement data presented in the consolidated financial statements as indicators of financial performance or liquidity.

Adjusted EBITDA has limitations as an analytical tool and should not be considered in isolation or a substitute for analyzing our results as reported under GAAP. Some of the limitations are:

· Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;

· Adjusted EBITDA does not reflect our interest expense, or the requirements necessary to service interest or principal payments on our debt;

· Adjusted EBITDA does not reflect our income tax expenses or the cash requirements to pay our taxes;

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

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

Revenue

Total revenue increased 9% to $257.0 million for the first six months of 2018 compared with $236.3 million for the first six months of 2017.

Environmental Services

Environmental Services segment revenue increased 9% to $185.4 million for the first six months of 2018 compared to $170.9 million for the first six months of 2017. T&D revenue increased 7% compared to the first six months of 2017,

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primarily as a result of an 8% increase in Base Business revenue, partially offset by a 1% decrease in project-based Event Business revenue. Transportation service revenue increased 13% compared to the first six months of 2017, reflecting more Event Business projects utilizing the Company’s transportation and logistics services. Total tons of waste disposed of or processed across all of our facilities for the first six months of 2018 was consistent with the first six months of 2017. Tons of waste disposed of or processed at our landfills decreased 1% for the first six months of 2018 compared to the first six months of 2017.

T&D revenue from recurring Base Business waste generators increased 8% for the first six months of 2018 compared to the first six months of 2017 and comprised 82% of total T&D revenue for the first six months of 2018. During the first six months of 2018, increases in Base Business T&D revenue from the chemical manufacturing, broker/TSDF, “Other” and general manufacturing industry groups were partially offset by a decrease in Base Business T&D revenue from the metal manufacturing industry group.

T&D revenue from Event Business waste generators decreased 1% for the first six months of 2018 compared to the first six months of 2017 and comprised 18% of total T&D revenue for the first six months of 2018. During the first six months of 2018, decreases in Event Business T&D revenue from the general manufacturing, chemical manufacturing and refining industry groups were partially offset by increases in Event Business T&D revenue from the metal manufacturing and “Other” industry groups.

The following table summarizes combined Base Business and Event Business T&D revenue growth, within the Environmental Services segment, by generator industry for the first six months of 2018 as compared to the first six months of 2017:

	Treatment and Disposal Revenue Growth Six Months Ended June 30, 2018 vs. Six Months Ended June 30, 2017
Waste Management & Remediation	53%
Chemical Manufacturing	12%
Other	12%
Transportation	11%
Broker / TSDF	9%
Government	5%
Metal Manufacturing	4%
Mining, Exploration & Production	2%
Refining	-3%
General Manufacturing	-4%
Utilities	-8%

Field & Industrial Services

Field & Industrial Services segment revenue increased 9% to $71.5 million for the first six months of 2018 compared with $65.4 million for the first six months of 2017. The increase in Field & Industrial Services segment revenue is primarily attributable to growth in our Total Waste Management and Small Quantity Generation business lines as well as stronger overall market conditions.

Gross Profit

Total gross profit increased 14% to $77.1 million for the first six months of 2018, up from $67.8 million for the first six months of 2017. Total gross margin was 30% for the first six months of 2018 compared with 29% for the first six months of 2017.

Environmental Services

Environmental Services segment gross profit increased 15% to $68.4 million for the first six months of 2018, up from $59.4 million for the first six months of 2017. Total segment gross margin for the first six months of 2018 was 37%

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compared with 35% for the first six months of 2017. T&D gross margin was 41% for the first six months of 2018 compared with 38% for the first six months of 2017. The increase in T&D gross margin primarily reflects recovery from the temporary closure of one of our treatment facilities during 2017 due to severe wind damage.

Field & Industrial Services

Field & Industrial Services segment gross profit increased 4% to $8.8 million for the first six months of 2018. Total segment gross margin was 12% for the first six months of 2018 compared with 13% for the first six months of 2017, primarily reflecting higher costs in our Industrial Services business in early 2018 due to harsh winter conditions in the markets in which we operate.

Selling, General and Administrative Expenses (“SG&A”)

Total SG&A was $43.4 million, or 17% of total revenue, for the first six months of 2018 compared with $39.7 million, or 17% of total revenue, for the first six months of 2017.

Environmental Services

Environmental Services segment SG&A increased 2% to $11.2 million, or 6% of segment revenue, for the first six months of 2018 compared with $11.0 million, or 6% of segment revenue, for the first six months of 2017, primarily reflecting lower insurance proceeds recognized, partially offset by lower property tax expenses and lower amortization expense in the first six months of 2018 compared to the first six months of 2017. The first six months of 2017 benefitted from the recognition of insurance proceeds related to the repair of one of our treatment facilities after suffering severe wind damage. The decrease in property tax expense in the first six months of 2018 was the result of a settlement on a dispute related to a previous property tax assessment.

Field & Industrial Services

Field & Industrial Services segment SG&A decreased 11% to $4.7 million, or 7% of segment revenue, for the first six months of 2018 compared with $5.3 million, or 8% of segment revenue, for the first six months of 2017, primarily reflecting lower bad debt expense and lower amortization expense, partially offset by lower insurance proceeds recognized in the first six months of 2018 compared to the first six months of 2017.

Corporate

Corporate SG&A was $27.5 million, or 11% of total revenue, for the first six months of 2018 compared with $23.5 million, or 10% of total revenue, for the first six months of 2017, primarily reflecting higher employee labor costs and higher consulting and professional services in the first six months of 2018 compared with the first six months of 2017.

Components of Adjusted EBITDA

Income tax expense

Our effective income tax rate for the first six months of 2018 was 25.7% compared with 36.2% for the first six months of 2017. The decrease was primarily the result of the impact of the Tax Act, enacted on December 22, 2017 by the U.S. government which reduced the federal corporate tax rate to 21% from the existing maximum rate of 35%.

Interest expense

Interest expense was $5.7 million for the first six months of 2018 compared with $12.6 million for the first six months of 2017. The decrease in interest expense in the first six months of 2018 was primarily the result of a one-time non-cash charge of $5.5 million to interest expense in 2017 related to the refinancing of our former credit facility as well as a lower effective interest rate under our new credit agreement.

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Foreign currency gain (loss)

We recognized a $153,000 non-cash foreign currency loss for the first six months of 2018 compared with a $246,000 non-cash foreign currency gain for the first six months of 2017. Foreign currency gains and losses reflect changes in business activity conducted in a currency other than the USD, our functional currency. Additionally, we established intercompany loans between our Canadian subsidiaries, whose functional currency is the CAD, and our parent company, US Ecology, as part of a tax and treasury management strategy allowing for repayment of third-party bank debt. These intercompany loans are payable by our Canadian subsidiaries to US Ecology in CAD requiring us to revalue the outstanding loan balance through our statements of operations based on USD/CAD currency movements from period to period. At June 30, 2018, we had $20.8 million of intercompany loans subject to currency revaluation.

Other income

Other income was $2.3 million for the first six months of 2018 compared with other income of $303,000 for the first six months of 2017, primarily reflecting a $2.0 million gain in the first six months of 2018 on the issuance of a property easement on a portion of unutilized Company-owned land at one of our operating facilities.

Depreciation and amortization of plant and equipment

Depreciation and amortization expense was $13.6 million for the first six months of both 2018 and 2017.

Amortization of intangibles

Intangible assets amortization expense was $4.6 million for the first six months of 2018 compared with $5.3 million for the first six months of 2017, primarily reflecting the full amortization of certain intangible assets in 2017.

Stock-based compensation

Stock-based compensation expense increased to $2.1 million for the first six months of 2018 compared with $2.0 million for the first six months of 2017.

Accretion and non-cash adjustment of closure and post-closure liabilities

Accretion and non-cash adjustment of closure and post-closure liabilities was $2.2 million for the first six months of both 2018 and 2017.

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CRITICAL ACCOUNTING POLICIES

Financial statement preparation requires management to make estimates and judgments that affect reported assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities. The accompanying unaudited consolidated financial statements are prepared using the same critical accounting policies disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017, other than the adoption of the Accounting Standards Codification Topic 606, Revenue from Contracts with Customers, described in Note 2 of the Notes to Consolidated Financial Statements in “Part I, Item 1. Financial Statements (Unaudited)” of this Quarterly Report on Form 10-Q.

RECENTLY ISSUED ACCOUNTING STANDARDS

For information about recently issued accounting standards, see Note 1 of the Notes to Consolidated Financial Statements in “Part I, Item 1. Financial Statements (Unaudited)” of this Quarterly Report on Form 10-Q.

LIQUIDITY AND CAPITAL RESOURCES

Our primary sources of liquidity are cash and cash equivalents, cash generated from operations and borrowings under our senior secured Credit Agreement entered into on April 18, 2017. At June 30, 2018, we had $53.3 million in cash and cash equivalents immediately available and $216.7 million of borrowing capacity available under our Credit Agreement. We assess our liquidity in terms of our ability to generate cash to fund our operating, investing and financing activities. Our primary ongoing cash requirements are funding operations, capital expenditures, paying interest on our long-term debt, and paying declared dividends pursuant to our dividend policy. We believe future operating cash flows will be sufficient to meet our future operating, investing and dividend cash needs for the foreseeable future. Furthermore, existing cash balances and availability of additional borrowings under our Credit Agreement provide additional sources of liquidity should they be required.

Operating Activities

For the six months ended June 30, 2018, net cash provided by operating activities was $48.0 million. This primarily reflects net income of $22.5 million, non-cash depreciation, amortization and accretion of $20.4 million, an increase in accounts payable and accrued liabilities of $10.3 million and share-based compensation of $2.1 million, partially offset by a decrease in income taxes payable of $2.9 million, an increase in income taxes receivable of $2.9 million, and a decrease in accrued salaries and benefits of $2.3 million. Impacts on net income are due to the factors discussed above under “Results of Operations.” The increase in accounts payable and accrued liabilities is primarily attributable to

the timing of payments to vendors for products and services. The decrease in income taxes payable and the increase in income taxes receivable is primarily attributable to the timing of income tax payments. The decrease in accrued salaries and benefits is primarily attributable to cash payments during the first six months of 2018 for accrued 2017 incentive compensation.

Days sales outstanding were 73 days as of June 30, 2018, compared to 77 days as of December 31, 2017 and June 30, 2017.

For the six months ended June 30, 2017, net cash provided by operating activities was $30.8 million. This primarily reflects net income of $10.2 million, non-cash depreciation, amortization and accretion of $21.1 million, an increase in accounts payable and accrued liabilities of $5.8 million, amortization and write-off of debt issuance costs of $5.6 million, an increase in deferred revenue of $4.8 million and a decrease in income taxes receivable of $2.0 million, partially offset by an increase in accounts receivable of $14.5 million and an increase in other assets of $4.0 million. Impacts on net income are due to the factors discussed above under “Results of Operations.” The increase in accounts payable and accrued liabilities is primarily attributable to the timing of payments to vendors for products and services. The increase in deferred revenue is primarily attributable to the timing of the treatment and disposal of waste received but not yet processed. The increase in accounts receivable is primarily attributable to the timing of customer payments. The decrease in income taxes receivable is primarily attributable to the timing of income tax payments.

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Investing Activities

For the six months ended June 30, 2018, net cash used in investing activities was $14.9 million, primarily related to capital expenditures. Significant capital projects included continuing construction of additional disposal capacity and railway expansion at our Blainville, Quebec, Canada location and equipment purchases and infrastructure upgrades at our corporate and operating facilities.

For the six months ended June 30, 2017, net cash used in investing activities was $17.5 million, primarily related to capital expenditures. Significant capital projects included construction of additional disposal capacity at our Beatty, Nevada and Blainville, Quebec, Canada locations and equipment purchases and infrastructure upgrades at our corporate and operating facilities.

Financing Activities

For the six months ended June 30, 2018, net cash used in financing activities was $6.9 million, consisting primarily of dividend payments to our stockholders of $7.9 million, partially offset by $1.5 million in proceeds received from the exercise of stock options.

For the six months ended June 30, 2017, net cash used in financing activities was $15.7 million, consisting primarily of $283.0 million of repayment of the Company's long-term debt under our former credit agreement, $281.0 million of initial proceeds from the issuance of long-term debt under the new credit agreement, $4.0 million of subsequent payments of long-term debt under the new credit agreement, $7.8 million of dividend payments to our stockholders and net payment activity on the Company's short-term borrowings of $2.2 million.

Credit Agreement

The Credit Agreement (the "new credit agreement" or the "Credit Agreement") provides for a $500.0 million, five-year revolving credit facility (the "Revolving Credit Facility"), including a $75.0 million sublimit for the issuance of standby letters of credit and a $25.0 million sublimit for the issuance of swingline loans used to fund short-term working capital requirements. The Credit Agreement also contains an accordion feature whereby the Company may request up to $200.0 million of additional funds through an increase to the Revolving Credit Facility, through incremental term loans, or some combination thereof. Proceeds from the Revolving Credit Facility are restricted solely for working capital and other general corporate purposes (including acquisitions and capital expenditures). Under the Revolving Credit Facility, revolving credit loans are available based on a base rate (as defined in the Credit Agreement) or LIBOR, at the Company's option, plus an applicable margin which is determined according to a pricing grid under

which the interest rate decreases or increases based on our ratio of funded debt to consolidated earnings before interest, taxes, depreciation and amortization (as defined in the Credit Agreement).

At June 30, 2018, the effective interest rate on the Revolving Credit Facility, including the impact of our interest rate swap, was 3.46%. Interest only payments are due either quarterly or on the last day of any interest period, as applicable. In October 2014, the Company entered into an interest rate swap agreement, effectively fixing the interest rate on $180.0 million, or 65%, of the Revolving Credit Facility borrowings as of June 30, 2018.

The Company is required to pay a commitment fee ranging from 0.175% to 0.35% on the average daily unused portion of the Revolving Credit Facility, with such commitment fee to be reduced based upon the Company’s total net leverage ratio (as defined in the Credit Agreement). The maximum letter of credit capacity under the Revolving Credit Facility is $75.0 million and the Credit Agreement provides for a letter of credit fee equal to the applicable margin for LIBOR loans under the Revolving Credit Facility. At June 30, 2018, there were $277.0 million of borrowings outstanding on the Revolving Credit Facility. These borrowings are due on the revolving credit maturity date (as defined in the Credit Agreement) and presented as long-term debt in the consolidated balance sheets.

The Company has entered into a sweep arrangement whereby day-to-day cash requirements in excess of available cash balances are advanced to the Company on an as-needed basis with repayments of these advances automatically made from subsequent deposits to our cash operating accounts (the “Sweep Arrangement”). Total advances outstanding under the

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Sweep Arrangement are subject to the $25.0 million swingline loan sublimit under the Revolving Credit Facility. The Company's revolving credit loans outstanding under the Revolving Credit Agreement are not subject to repayment through the Sweep Arrangement. As of June 30, 2018, there were no amounts outstanding subject to the Sweep Arrangement.

As of June 30, 2018, the availability under the Revolving Credit Facility was $216.7 million with $6.3 million of the Revolving Credit Facility issued in the form of standby letter of credit utilized as collateral for closure and post-closure financial assurance and other assurance obligations.

For more information about our debt, see Note 9 of the Notes to Consolidated Financial Statements in "Part I, Item 1. Financial Statements (Unaudited)" of this Quarterly Report on Form 10-Q.

CONTRACTUAL OBLIGATIONS AND GUARANTEES

There were no material changes in the amounts of our contractual obligations and guarantees during the six months ended June 30, 2018. For further information on our contractual obligations and guarantees, refer to our Annual Report on Form 10-K for the fiscal year ended December 31, 2017.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

We do not maintain equities, commodities, derivatives, or any other similar instruments for trading purposes. We have minimal interest rate risk on investments or other assets due to our preservation of capital approach to investments. At June 30, 2018, $4.9 million of restricted cash was invested in fixed-income U.S. Treasury and U.S. government agency securities and money market accounts.

We are exposed to changes in interest rates as a result of our borrowings under the Credit Agreement. Under the Credit Agreement, Revolving Credit Facility borrowings incur interest at a base rate (as defined in the Credit Agreement) or LIBOR, at the Company's option, plus an applicable margin which is determined according to a pricing grid under which the interest rate decreases or increases based on our ratio of funded debt to consolidated earnings before interest, taxes, depreciation and amortization (as defined in the Credit Agreement). On October 29, 2014, the Company entered into an interest rate swap agreement with the intention of hedging the Company's interest rate

exposure on a portion of the Company's outstanding LIBOR-based variable rate debt. Under the terms of the swap, the Company pays interest at the fixed effective rate of 3.67% and receives interest at the variable one-month LIBOR rate on an initial notional amount of $250.0 million.

As of June 30, 2018, there were $277.0 million of revolving loans outstanding under the Credit Agreement. If interest rates were to rise and outstanding balances remain unchanged, we would be subject to higher interest payments on our outstanding debt. Subsequent to the effective date of the interest rate swap on December 31, 2014, we are subject to higher interest payments on only the unhedged borrowings under the Credit Agreement.

Based on the outstanding indebtedness of $277.0 million under the Credit Agreement at June 30, 2018 and the impact of our interest rate hedge, if market rates used to calculate interest expense were to average 1% higher in the next twelve months, our interest expense would increase by approximately $1.0 million for the corresponding period.

Foreign Currency Risk

We are subject to currency exposures and volatility because of currency fluctuations. The majority of our transactions are in USD; however, our Canadian subsidiaries conduct business in both Canada and the United States. In addition, contracts for services that our Canadian subsidiaries provide to U.S. customers are generally denominated in USD. During the six months ended June 30, 2018, our Canadian subsidiaries transacted approximately 61% of their revenue in USD and at any time have cash on deposit in USD and outstanding USD trade receivables and payables related to these transactions. These USD cash, receivable and payable accounts are subject to non-cash foreign currency translation gains or losses. Exchange rate movements also affect the translation of Canadian generated profits and losses into USD.

We established intercompany loans between our Canadian subsidiaries and our parent company, US Ecology, as part of a tax and treasury management strategy allowing for repayment of third-party bank debt. These intercompany loans are payable using CAD and are subject to mark-to-market adjustments with movements in the CAD. At June 30, 2018, we had $20.8 million of intercompany loans outstanding between our Canadian subsidiaries and US Ecology. During the six months ended June 30, 2018, the CAD strengthened as compared to the USD resulting in a $1.0 million non-cash foreign currency translation loss being recognized in the Company's consolidated statements of operations related to the intercompany loans. Based on intercompany balances as of June 30, 2018, a $0.01 CAD increase or decrease in currency rate compared to the USD at June 30, 2018 would have generated a gain or loss of approximately $208,000 for the six months ended June, 2018.

We had a total pre-tax foreign currency loss of $153,000 for the six months ended June 30, 2018. We currently have no foreign exchange contracts, option contracts or other foreign currency hedging arrangements. Management evaluates the Company's risk position on an ongoing basis to determine whether foreign exchange hedging strategies should be employed.

ITEM 4. CONTROLS AND PROCEDURES

Management of the Company, including the Chief Executive Officer and the Chief Financial Officer of the Company, have evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of June 30, 2018. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures, including the accumulation and communication of disclosures to the Company's Chief Executive Officer and Chief Financial Officer as appropriate to allow timely decisions regarding required disclosure, are effective to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the rules and forms of the Securities and Exchange Commission ("SEC").

During the second quarter of 2018, we implemented a new enterprise resource planning ("ERP") system to bring the Company and all of its subsidiaries onto a consolidated ERP system. Accordingly, we are modifying the design and documentation of certain internal control processes and procedures related to the integrated ERP system. We do not believe that the implementation of the ERP system will materially adversely affect our internal control over financial reporting.

Other than the ERP system implementation described above, there were no changes in our internal control over financial reporting that occurred during the most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II - OTHER INFORMATION

Cautionary Statement for Purposes of “Safe Harbor Provisions” of the Private Securities Litigation Reform Act of 1995

This quarterly report on Form 10-Q contains forward-looking statements within the meaning of the federal securities laws. Statements that are not historical facts, including statements about the Company’s beliefs and expectations, are forward-looking statements. Forward-looking statements include statements preceded by, followed by or that include the words “may,” “could,” “would,” “should,” “believe,” “expect,” “anticipate,” “plan,” “estimate,” “target,” “project,” “intend expressions. These statements include, among others, statements regarding our financial and operating results, strategic objectives and means to achieve those objectives, the amount and timing of capital expenditures, repurchases of its stock under approved stock repurchase plans, the amount and timing of interest expense, the likelihood of our success in expanding our business, financing plans, budgets, working capital needs and sources of liquidity.

Forward-looking statements are only predictions and are not guarantees of performance. These statements are based on management’s beliefs and assumptions, which in turn are based on currently available information. Important assumptions include, among others, those regarding demand for Company services, expansion of service offerings geographically or through new or expanded service lines, the timing and cost of planned capital expenditures, competitive conditions and general economic conditions. These assumptions could prove inaccurate. Forward-looking statements also involve known and unknown risks and uncertainties, which could cause actual results to differ materially from those contained in any forward-looking statement. Many of these factors are beyond our ability to control or predict. Such factors include the replacement of non-recurring event cleanup projects, a loss of a major customer, our ability to permit and contract for timely construction of new or expanded disposal cells, our ability to renew our operating permits or lease agreements with regulatory bodies, loss of key personnel, compliance with and changes to applicable laws, rules, or regulations, access to insurance, surety bonds and other financial assurances, a deterioration in our labor relations or labor disputes, our ability to perform under required contracts, failure to realize anticipated benefits and operational performance from acquired operations, adverse economic or market conditions, government funding or competitive pressures, incidents or adverse weather conditions that could limit or suspend specific operations, access to cost effective transportation services, fluctuations in foreign currency markets, lawsuits, our willingness or ability to repurchase stock or pay dividends, implementation of new technologies, limitations on our available cash flow as a result of our indebtedness and our ability to effectively execute our acquisition strategy and integrate future acquisitions.

Except as required by applicable law, including the securities laws of the United States and the rules and regulations of the SEC, we are under no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You should not place undue reliance on our forward-looking statements. Although we believe that the expectations reflected in forward-looking statements are reasonable, we cannot guarantee future results or performance. Before you invest in our common stock, you should be aware that the occurrence of the events described in the “Risk Factors” section in our Form 10-K for the fiscal year ended December 31, 2017 and in other reports we file with the SEC could harm our business, prospects, operating results, and financial condition.

Investors should also be aware that while we do, from time to time, communicate with securities analysts, it is against our policy to disclose to them any material non-public information or other confidential commercial information. Accordingly, stockholders should not assume that we agree with any statement or report issued by any analyst irrespective of the content of the statement or report. Furthermore, we have a policy against issuing or confirming financial forecasts or projections issued by others. Thus, to the extent that reports issued by securities analysts contain any projections, forecasts or opinions, such reports are not the responsibility of US Ecology, Inc.

ITEM 1. LEGAL PROCEEDINGS

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

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ITEM 1A. RISK FACTORS

The Company is subject to various risks and uncertainties that could have a material impact on our business, financial condition, results of operations and cash flows. The discussion of these risk factors is included in Part I, Item 1A of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2017 and there have been no material changes from the risk factors reported on the Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On June 1, 2016, the Company's Board of Directors authorized the repurchase of $25.0 million of the Company's outstanding common stock. Repurchases may be made from time to time in open market or through privately negotiated transactions. The timing of any repurchases will be based upon prevailing market conditions and other factors. The Company did not repurchase any shares of common stock under the repurchase program during the three or six months ended June 30, 2018. On May 29, 2018 the repurchase program was extended and will remain in effect until June 6, 2020, unless further extended by our Board of Directors.

The following table summarizes the purchases of shares of our common stock during the six months ended June 30, 2018:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan or Program	Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs
January 1 to 31, 2018	—	$ —	—	$ 25,000,000
February 1 to 28, 2018	—	—	—	25,000,000
March 1 to 31, 2018 (1)	5,564	56.20	—	25,000,000
April 1 to 30, 2018	—	—	—	25,000,000
May 1 to 31, 2018	—	—	—	25,000,000
June 1 to 30, 2018	—	—	—	25,000,000
Total	5,564	$ 56.20	—	$ 25,000,000

(1) Represents shares surrendered or forfeited in connection with certain employees' tax withholding obligations related to the vesting of shares of restricted stock.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

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ITEM 6. EXHIBITS

15	Letter re: Unaudited Interim Financial Statements
31.1	Certification of CEO Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of CFO Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	The following materials from the quarterly report on Form 10-Q of US Ecology, Inc. for the quarter ended June 30, 2018 formatted in Extensible Business Reporting Language (XBRL) include: (i) Unaudited Consolidated Balance Sheets, (ii) Unaudited Consolidated Statements of Operations, (iii) Unaudited Consolidated Statements of Comprehensive Income, (iv) Unaudited Consolidated Statements of Cash Flows, and (v) Notes to the Unaudited Consolidated Financial Statements

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	US Ecology, Inc. (Registrant)
Date: August 6, 2018	/s/ Eric L. Gerratt Eric L. Gerratt Executive Vice President, Chief Financial Officer and Treasurer