

US ECOLOGY, INC.
Form 10-Q
October 30, 2017
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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 September 30, 2017

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: 0000-11688

US ECOLOGY, INC.

(Exact name of registrant as specified in its charter)

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Delaware 95-3889638
(State or other jurisdiction of incorporation or (I.R.S. Employer Identification No.)
organization)

251 E. Front St., Suite 400
Boise, Idaho 83702
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (208) 331-8400

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 (§232.405 of this chapter) 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, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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

(Do not check if a smaller reporting company)

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

At October 25, 2017, there were 21,849,165 shares of the registrant's Common Stock outstanding.

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US ECOLOGY, INC.

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

US ECOLOGY, INC.

CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In thousands, except par value amount)

	September 30, 2017	December 31, 2016
Assets		
Current Assets:		
Cash and cash equivalents	\$ 9,244	\$ 7,015
Receivables, net	117,140	96,819
Prepaid expenses and other current assets	10,463	7,458
Income taxes receivable	2,524	4,076
Total current assets	139,371	115,368
Property and equipment, net	230,874	226,237
Restricted cash and investments	5,812	5,787
Intangible assets, net	228,736	234,356
Goodwill	194,948	193,621
Other assets	2,910	1,031
Total assets	\$ 802,651	\$ 776,400
Liabilities And Stockholders' Equity		
Current Liabilities:		
Accounts payable	\$ 13,560	\$ 13,948
Deferred revenue	12,237	7,820
Accrued liabilities	26,821	22,605
Accrued salaries and benefits	13,497	10,720
Income taxes payable	1,319	165
Current portion of closure and post-closure obligations	2,271	2,256
Short-term borrowings	—	2,177
Current portion of long-term debt	—	2,903
Total current liabilities	69,705	62,594
Long-term closure and post-closure obligations	74,918	72,826

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Long-term debt	277,000	274,459
Other long-term liabilities	4,101	5,164
Deferred income taxes	81,265	81,333
Total liabilities	506,989	496,376
Commitments and contingencies		
Stockholders' Equity:		
Common stock \$0.01 par value, 50,000 authorized; 21,849 and 21,780 shares issued, respectively	218	218
Additional paid-in capital	176,523	172,704
Retained earnings	128,699	121,879
Treasury stock, at cost, 2 and 7 shares, respectively	(68)	(52)
Accumulated other comprehensive loss	(9,710)	(14,725)
Total stockholders' equity	295,662	280,024
Total liabilities and stockholders' equity	\$ 802,651	\$ 776,400

The accompanying notes are an integral part of these financial statements.

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US ECOLOGY, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(In thousands, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Revenue	\$ 134,054	\$ 124,824	\$ 370,345	\$ 360,493
Direct operating costs	96,321	85,470	264,843	249,025
Gross profit	37,733	39,354	105,502	111,468
Selling, general and administrative expenses	22,444	18,439	62,158	57,683
Operating income	15,289	20,915	43,344	53,785
Other income (expense):				
Interest income	18	8	49	90
Interest expense	(2,783)	(4,288)	(15,387)	(13,150)
Foreign currency gain (loss)	275	(224)	521	192
Other	234	(19)	537	2,480
Total other expense	(2,256)	(4,523)	(14,280)	(10,388)
Income before income taxes	13,033	16,392	29,064	43,397
Income tax expense	4,668	6,278	10,465	16,828
Net income	\$ 8,365	\$ 10,114	\$ 18,599	\$ 26,569
Earnings per share:				
Basic	\$ 0.38	\$ 0.47	\$ 0.86	\$ 1.22
Diluted	\$ 0.38	\$ 0.46	\$ 0.85	\$ 1.22
Shares used in earnings per share calculation:				
Basic	21,774	21,714	21,750	21,700
Diluted	21,931	21,804	21,893	21,780
Dividends paid per share	\$ 0.18	\$ 0.18	\$ 0.54	\$ 0.54

The accompanying notes are an integral part of these financial statements.

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US ECOLOGY, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

(In thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Net income	\$ 8,365	\$ 10,114	\$ 18,599	\$ 26,569
Other comprehensive income (loss):				
Foreign currency translation gain (loss)	2,436	(734)	4,427	2,555
Net changes in interest rate hedge, net of taxes of \$134, \$253, \$317, and (\$1,063), respectively	249	469	588	(1,976)
Comprehensive income, net of tax	\$ 11,050	\$ 9,849	\$ 23,614	\$ 27,148

The accompanying notes are an integral part of these financial statements.

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US ECOLOGY, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(In thousands)

	Nine Months Ended September 30,	
	2017	2016
Cash flows from operating activities:		
Net income	\$ 18,599	\$ 26,569
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of property and equipment	21,007	18,561
Amortization of intangible assets	7,586	7,907
Accretion of closure and post-closure obligations	3,245	3,081
Gain on disposition of business	—	(2,035)
Unrealized foreign currency gain	(1,500)	(381)
Deferred income taxes	(1,011)	(2,832)
Share-based compensation expense	2,954	2,182
Net (gain) loss on disposition of assets	287	(228)
Amortization and write-off of debt issuance costs	5,806	1,583
Amortization and write-off of debt discount	667	111
Changes in assets and liabilities:		
Receivables	(20,142)	8,713
Income taxes receivable	1,592	1,102
Other assets	(2,638)	395
Accounts payable and accrued liabilities	6,174	(6,560)
Deferred revenue	4,228	(1,942)
Accrued salaries and benefits	2,676	126
Income taxes payable	1,112	63
Closure and post-closure obligations	(1,277)	(32)
Net cash provided by operating activities	49,365	56,383
Cash flows from investing activities:		
Purchases of property and equipment	(26,354)	(22,550)
Deposit on Vernon acquisition	—	(5,049)
Business acquisitions (net of cash acquired)	—	(4,934)
Purchases of restricted cash and investments	(832)	(1,040)
Proceeds from divestitures (net of cash divested)	—	2,723
Proceeds from sale of restricted cash and investments	807	978
Proceeds from sale of property and equipment	957	524
Net cash used in investing activities	(25,422)	(29,348)
Cash flows from financing activities:		

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Payments on long-term debt	(287,040)	(17,326)
Proceeds from long-term debt	281,000	—
Payments on short-term borrowings	(13,438)	(30,546)
Proceeds from short-term borrowings	11,260	32,849
Dividends paid	(11,778)	(11,754)
Proceeds from exercise of stock options	1,050	229
Deferred financing costs paid	(2,967)	—
Payment of equipment financing obligations	(268)	—
Other	(121)	(188)
Net cash used in financing activities	(22,302)	(26,736)
Effect of foreign exchange rate changes on cash	588	95
Increase in cash and cash equivalents	2,229	394
Cash and cash equivalents at beginning of period	7,015	5,989
Cash and cash equivalents at end of period	\$ 9,244	\$ 6,383
Supplemental Disclosures		
Income taxes paid, net of receipts	\$ 9,274	\$ 18,600
Interest paid	\$ 8,981	\$ 11,430
Non-cash investing and financing activities:		
Capital expenditures in accounts payable	\$ 1,044	\$ 3,855
Restricted stock issued from treasury shares	\$ 113	\$ 415

The accompanying notes are an integral part of these financial statements.

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US ECOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

NOTE 1. GENERAL

Basis of Presentation

The accompanying unaudited consolidated financial statements include the results of operations, financial position and cash flows of US Ecology, Inc. and its wholly-owned subsidiaries. All inter-company balances have been eliminated. Throughout these financial statements words such as “we,” “us,” “our,” “US Ecology” and the “Company” refer to US Ecology, Inc. and its subsidiaries.

In the opinion of management, the accompanying unaudited consolidated financial statements include all adjustments (consisting only of normal recurring adjustments) necessary to present fairly, in all material respects, the results of the Company for the periods presented. These consolidated financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) have been omitted pursuant to the rules and regulations of the SEC. These consolidated financial statements should be read in conjunction with the consolidated financial statements and accompanying notes included in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2016. The results of operations for the three and nine months ended September 30, 2017 are not necessarily indicative of the results to be expected for the entire year ending December 31, 2017.

The Company’s consolidated balance sheet as of December 31, 2016 has been derived from the Company’s audited consolidated balance sheet as of that date.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ materially from the estimates and assumptions that we use in the

preparation of our consolidated financial statements. As it relates to estimates and assumptions in amortization rates and environmental obligations, significant engineering, operations and accounting judgments are required. We review these estimates and assumptions no less than annually. In many circumstances, the ultimate outcome of these estimates and assumptions will not be known for decades into the future. Actual results could differ materially from these estimates and assumptions due to changes in applicable regulations, changes in future operational plans and inherent imprecision associated with estimating environmental impacts far into the future.

Recently Issued Accounting Pronouncements

In January 2017, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2017-04, Simplifying the Test for Goodwill Impairment (Topic 350). This ASU removes the requirement to compare the implied fair value of goodwill with its carrying amount as part of step 2 of the goodwill impairment test. As a result, under the ASU, “an entity should perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit’s fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit.” The guidance is effective prospectively for annual and interim periods beginning after December 15, 2019. Early adoption is permitted. The Company early adopted ASU 2017-04 on January 1, 2017 and the standard is not expected to have a material impact on its consolidated financial statements.

In November 2016, the FASB issued ASU No. 2016-18, Restricted Cash (Topic 230). This ASU amends the guidance in Accounting Standards Codification (“ASC”) 230 to add or clarify guidance on the classification and presentation of restricted cash in the statement of cash flows. ASU 2016-18 is based on the EITF’s consensus reached on Issue 16-A. The guidance is effective for annual and interim periods beginning after December 15, 2017. The guidance must be applied

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retrospectively to all periods presented. Early adoption is permitted. We are currently assessing the impact the adoption of ASU 2016-18 may have on our consolidated cash flows.

In August 2016, the FASB issued ASU No. 2016-15, Statements of Cash Flows (Topic 230). This ASU amends the guidance in ASC 230 on the classification of certain cash receipts and payments in the statement of cash flows. The primary purpose of the ASU is to reduce the diversity in practice that has resulted from the lack of consistent principles on this topic. The guidance is effective for annual and interim periods beginning after December 15, 2017. The guidance must be applied retrospectively to all periods presented. Early adoption is permitted. We are currently assessing the impact the adoption of ASU 2016-15 may have on our consolidated cash flows.

In March 2016, the FASB issued ASU No. 2016-09, Compensation - Stock Compensation (Topic 718). This ASU requires excess tax benefits and tax deficiencies, which arise due to differences between the measure of compensation expense and the amount deductible for tax purposes, to be recorded directly through earnings as a component of income tax expense. Previously, these differences were generally recorded in additional paid-in capital and thus had no impact on net income. The change in treatment of excess tax benefits and tax deficiencies also impacts the computation of diluted earnings per share, and the cash flows associated with those items are classified as operating activities on the consolidated statements of cash flows. Additionally, ASU 2016-09 permits entities to make an accounting policy election for the impact of forfeitures on the recognition of expense for share-based payment awards. Forfeitures can be estimated, as allowed under previous standards, or recognized when they occur. The amendments in this ASU became effective in the first quarter of 2017. The Company adopted this ASU on January 1, 2017 and the standard did not have a material impact on its consolidated financial statements. Adoption of the ASU did not result in any cumulative effect adjustments to retained earnings or other components of stockholders' equity as of the date of adoption, as well as there were no retrospective adjustments to our consolidated cash flows.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). The ASU significantly changes the accounting model used by lessees to account for leases, requiring that all material leases be presented on the balance sheet. Lessees will recognize substantially all leases on the balance sheet as a right-of-use asset and a corresponding lease liability. The liability will be equal to the present value of lease payments. The asset will be based on the liability, subject to adjustment, such as for initial direct costs. The guidance is effective for annual and interim periods beginning after December 15, 2018. The guidance must be applied using the modified retrospective approach. Early adoption is permitted. We are currently assessing the impact the adoption of ASU 2016-02 may have on our consolidated financial position, results of operations and cash flows.

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), which provides guidance for revenue recognition. The ASU's core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The ASU also requires enhanced disclosures regarding the nature, amount, timing, and uncertainty of revenues and cash flows from contracts with customers. The guidance permits two methods of adoption: retrospectively to each prior reporting period presented (full retrospective method), or retrospectively with the cumulative effect of initially applying the guidance recognized at the date of initial application (modified retrospective method). The Company currently anticipates adopting this ASU using the

modified retrospective method.

In August 2015, the FASB issued ASU 2015-14: Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date, which deferred the effective date established in ASU 2014-09. The amendments in ASU 2014-09 are now effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. Early adoption is permitted but not before annual periods beginning after December 15, 2016. The Company will adopt the ASU, as amended, effective January 1, 2018.

To assess the impact of ASU 2014-09, we have read the amended guidance, attended trainings and have consulted with external accounting professionals on a regular basis to assist with the understanding and interpretation of the ASU to our revenue recognition. The Company has completed its review of customer contracts in each of its operating segments for all significant service lines and has reached conclusions on key accounting assessments related to the ASU. Based on our review of the Company's treatment and disposal contracts, and in light of the shift from a "risks and rewards" based model under ASC 605 to a "control" based model under Topic 606, we have determined that it is necessary to further assess the precise moment in time when control of waste transfers, from the customer's perspective. The timing of when we recognize

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treatment and disposal revenue under Topic 606 may be different, based on the conclusions reached in our assessments, from the timing of when we currently recognize treatment and disposal revenue under ASC 605; however, any change in timing is expected to result in immaterial differences in the amount of revenue recognized in any given period. We continue to perform additional analysis on revenue recognized from our managed services, retail, and remediation lines of business to finalize our conclusions. Additionally, under ASU 2014-09, the principal vs. agent considerations differ from the current guidance and are more focused on the control aspect of the relationship and we continue to assess the level of impact this guidance may have on our various revenue streams.

As we finalize our analysis and implementation of ASU 2014-09, we continue to identify and implement appropriate changes to our business processes, systems and controls to support recognition and disclosure under the new standard. Additionally, the Company continues to monitor industry activities and any additional guidance provided by regulators, standards setters, or the accounting profession to adjust the Company's assessment and implementation plans accordingly.

While the Company continues to assess all potential impacts of adopting ASU 2014-09, including those mentioned above, based upon information available to date, the Company does not expect the adoption of the ASU to have a material impact on either the timing or recognition of revenues; however, the full extent of the impact is subject to the completion of our assessment.

NOTE 2. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Changes in accumulated other comprehensive income (loss) ("AOCI") consisted of the following:

	Foreign Currency Translation	Unrealized Loss on Interest Rate Hedge	Total
Balance at December 31, 2016	\$ (12,649)	\$ (2,076)	\$ (14,725)
Other comprehensive income (loss) before reclassifications, net of tax	4,427	(593)	3,834
Amounts reclassified out of AOCI, net of tax (1)	—	1,181	1,181
Other comprehensive income, net	4,427	588	5,015
Balance at September 30, 2017	\$ (8,222)	\$ (1,488)	\$ (9,710)

(1) Before-tax reclassifications of \$474,000 (\$308,000 after-tax) and \$1.8 million (\$1.2 million after-tax) for the three and nine months ended September 30, 2017, respectively, and before-tax reclassifications of \$798,000 (\$519,000 after-tax) and \$2.4 million (\$1.6 million after-tax) for the three and nine months ended September 30,

2016, were included in Interest expense in the Company's consolidated statements of operations. Amounts relate to the Company's interest rate swap which is designated as a cash flow hedge. Changes in fair value of the swap recognized in AOCI are reclassified to interest expense when hedged interest payments on the underlying long-term debt are made. Amounts in AOCI expected to be recognized in interest expense over the next 12 months total approximately \$1.9 million (\$1.2 million after-tax).

NOTE 3. CONCENTRATIONS AND CREDIT RISK

Major Customers

No customer accounted for more than 10% of total revenue for the three or nine months ended September 30, 2017 or the three or nine months ended September 30, 2016. No customer accounted for more than 10% of total trade receivables as of September 30, 2017 or December 31, 2016.

Credit Risk Concentration

We maintain most of our cash and cash equivalents with nationally recognized financial institutions. Substantially all balances are uninsured and are not used as collateral for other obligations. Concentrations of credit risk on accounts

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receivable are believed to be limited due to the number, diversification and character of the obligors and our credit evaluation process.

NOTE 4. RECEIVABLES

Receivables consisted of the following:

\$s in thousands	September 30, 2017	December 31, 2016
Trade	\$ 97,012	\$ 84,487
Unbilled revenue	18,819	13,835
Other	3,905	831
Total receivables	119,736	99,153
Allowance for doubtful accounts	(2,596)	(2,334)
Receivables, net	\$ 117,140	\$ 96,819

NOTE 5. FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Assets and liabilities recorded at fair value are categorized using defined hierarchical levels directly related to the amount of subjectivity associated with the inputs to fair value measurements, as follows:

Level 1 - Quoted prices in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable;

Level 3 - Unobservable inputs in which little or no market activity exists, requiring an entity to develop its own assumptions that market participants would use to value the asset or liability.

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, restricted cash and investments, accounts payable, accrued liabilities, debt and interest rate swap agreements. The estimated fair value of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate their carrying value due to the short-term nature of these instruments.

The Company estimates the fair value of its variable-rate debt using Level 2 inputs, such as interest rates, related terms and maturities of similar obligations. At September 30, 2017, the carrying value of the Company's variable-rate debt approximates fair value due to the short-term nature of the interest rates.

The Company's assets and liabilities measured at fair value on a recurring basis consisted of the following:

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	September 30, 2017			Total
	Quoted Price in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
\$s in thousands				
Assets:				
Fixed-income securities (1)	\$ 1,004	\$ 3,074	\$ —	\$ 4,078
Money market funds (2)	1,734	—	—	1,734
Total	\$ 2,738	\$ 3,074	\$ —	\$ 5,812
Liabilities:				
Interest rate swap agreement (3)	\$ —	\$ 2,293	\$ —	\$ 2,293
Total	\$ —	\$ 2,293	\$ —	\$ 2,293

	December 31, 2016			Total
	Quoted Price in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
\$s in thousands				
Assets:				
Fixed-income securities (1)	\$ 607	\$ 3,473	\$ —	\$ 4,080
Money market funds (2)	1,707	—	—	1,707
Total	\$ 2,314	\$ 3,473	\$ —	\$ 5,787
Liabilities:				
Interest rate swap agreement (3)	\$ —	\$ 3,198	\$ —	\$ 3,198
Total	\$ —	\$ 3,198	\$ —	\$ 3,198

-
- (1) We invest a portion of our Restricted cash and investments in fixed-income securities, including U.S. Treasury and U.S. agency securities. We measure the fair value of U.S. Treasury securities using quoted prices for identical assets in active markets. We measure the fair value of U.S. agency securities using observable market activity for similar assets. The fair value of our fixed-income securities approximates our cost basis in the investments.
- (2) We invest a portion of our Restricted cash and investments in money market funds. We measure the fair value of these money market fund investments using quoted prices for identical assets in active markets.
- (3) In order to manage interest rate exposure, we entered into an interest rate swap agreement in October 2014 that effectively converts a portion of our variable-rate debt to a fixed interest rate. The swap is designated as a cash flow hedge, with gains and losses deferred in accumulated other comprehensive income to be recognized as an

adjustment to interest expense in the same period that the hedged interest payments affect earnings. The interest rate swap has an effective date of December 31, 2014 with an initial notional amount of \$250.0 million. The interest rate swap continued to be effective following the termination of the Company's senior secured credit agreement, dated June 17, 2014. The fair value of the interest rate swap agreement represents the difference in the present value of cash flows calculated at the contracted interest rates and at current market interest rates at the end of the period. We calculate the fair value of the interest rate swap agreement quarterly based on the quoted market price for the same or similar financial instruments. The fair value of the interest rate swap agreement is included in Other long-term liabilities in the Company's consolidated balance sheet as of September 30, 2017 and December 31, 2016.

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NOTE 6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

\$s in thousands	September 30, 2017	December 31, 2016
Cell development costs	\$ 141,522	\$ 128,821
Land and improvements	36,302	34,285
Buildings and improvements	85,774	78,081
Railcars	17,299	17,299
Vehicles and other equipment	117,066	110,267
Construction in progress	21,535	24,392
Total property and equipment	419,498	393,145
Accumulated depreciation and amortization	(188,624)	(166,908)
Property and equipment, net	\$ 230,874	\$ 226,237

Depreciation and amortization expense for the three months ended September 30, 2017 and 2016 was \$7.4 million and \$6.5 million, respectively. Depreciation and amortization expense for the nine months ended September 30, 2017 and 2016 was \$21.0 million and \$18.6 million, respectively.

NOTE 7. GOODWILL AND INTANGIBLE ASSETS

Changes in goodwill for the nine months ended September 30, 2017 consisted of the following:

\$s in thousands	Environmental Services	Field & Industrial Services	Total
Balance at December 31, 2016	\$ 149,490	\$ 44,131	\$ 193,621
Foreign currency translation	1,327	—	1,327
Balance at September 30, 2017	\$ 150,817	\$ 44,131	\$ 194,948

Intangible assets, net consisted of the following:

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\$s in thousands	September 30, 2017			December 31, 2016		
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Amortizing intangible assets:						
Permits, licenses and lease	\$ 111,961	\$ (11,814)	\$ 100,147	\$ 110,341	\$ (9,462)	\$ 100,879
Customer relationships	85,003	(18,781)	66,222	84,711	(14,519)	70,192
Technology - formulae and processes	7,296	(1,582)	5,714	6,770	(1,305)	5,465
Customer backlog	3,652	(1,200)	2,452	3,652	(926)	2,726
Tradename	4,318	(4,318)	—	4,318	(3,650)	668
Developed software	2,928	(1,246)	1,682	2,907	(994)	1,913
Non-compete agreements	748	(748)	—	747	(742)	5
Internet domain and website	540	(93)	447	540	(72)	468
Database	393	(148)	245	387	(118)	269
Total amortizing intangible assets	216,839	(39,930)	176,909	214,373	(31,788)	182,585
Nonamortizing intangible assets:						
Permits and licenses	51,691	—	51,691	51,645	—	51,645
Tradename	136	—	136	126	—	126
Total intangible assets	\$ 268,666	\$ (39,930)	\$ 228,736	\$ 266,144	\$ (31,788)	\$ 234,356

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Amortization expense for the three months ended September 30, 2017 and 2016 was \$2.3 million and \$2.7 million, respectively. Amortization expense for the nine months ended September 30, 2017 and 2016 was \$7.6 million and \$7.9 million, respectively. Foreign intangible asset carrying amounts are affected by foreign currency translation.

NOTE 8. DEBT

Long-term debt consisted of the following:

\$s in thousands	September 30, 2017	December 31, 2016
Revolving credit facility	\$ 277,000	\$ —
Former term loan	—	283,040
Unamortized discount and debt issuance costs	—	(5,678)
Total debt	277,000	277,362
Current portion of long-term debt	—	(2,903)
Long-term debt	\$ 277,000	\$ 274,459

New Credit Agreement

On April 18, 2017, the Company entered into a new senior secured credit agreement (the “New Credit Agreement”) with Wells Fargo Bank, National Association (“Wells Fargo”), as administrative agent for the lenders, swingline lender and issuing lender, and Bank of America, N.A., as an issuing lender, that 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 New 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. In connection with the Company’s entry into the New Credit Agreement, the Company terminated its existing credit agreement with Wells Fargo, dated June 17, 2014 (the “Former Credit Agreement”). Immediately prior to the termination of the Former Credit Agreement, there were \$278.3 million of term loans and no revolving loans outstanding under the Former Credit Agreement. No early termination penalties were incurred as a result of the termination of the Former Credit Agreement. The Company wrote off certain unamortized deferred financing costs and original issue discount associated with the Former Credit Agreement that were to be amortized to interest expense in future periods through a one-time non-cash charge of \$5.5 million to interest expense in the second quarter of 2017.

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The Revolving Credit Facility provides up to \$500.0 million of revolving credit loans or letters of credit with the use of proceeds 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 New 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 New Credit Agreement), as set forth in the table below:

Total Net Leverage Ratio	LIBOR Rate Loans Interest Margin	Base Rate Loans Interest Margin
Equal to or greater than 3.25 to 1.00	2.00%	1.00%
Equal to or greater than 2.50 to 1.00, but less than 3.25 to 1.00	1.75%	0.75%
Equal to or greater than 1.75 to 1.00, but less than 2.50 to 1.00	1.50%	0.50%
Equal to or greater than 1.00 to 1.00, but less than 1.75 to 1.00	1.25%	0.25%
Less than 1.00 to 1.00	1.00%	0.00%

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At September 30, 2017, the effective interest rate on the Revolving Credit Facility, after giving effect to the impact of our interest rate swap, was 3.39%. 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 \$195.0 million, or 70%, of the Revolving Credit Facility borrowings as of September 30, 2017. The interest rate swap agreement continued in place following the termination of the Company's Former Credit Agreement. The critical terms of the interest rate swap and the forecasted transaction (periodic interest payments on the Company's variable-rate debt) did not change as a result of the refinancing therefore the interest rate swap continues to qualify as a highly-effective cash flow hedge, with gains and losses deferred in accumulated other comprehensive income to be recognized as an adjustment to interest expense in the same period that the hedged interest payments affect earnings.

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 New Credit Agreement). The maximum letter of credit capacity under the Revolving Credit Facility is \$75.0 million and the New Credit Agreement provides for a letter of credit fee equal to the applicable margin for LIBOR loans under the Revolving Credit Facility. At September 30, 2017, there were \$277.0 million of revolving credit loans outstanding on the Revolving Credit Facility. These revolving credit loans are due upon the earliest to occur of (a) April 18, 2022 (or, with respect to any lender, such later date as requested by us and accepted by such lender), (b) the date of termination of the entire revolving credit commitment (as defined in the New Credit Agreement) by us, and (c) the date of termination of the revolving credit commitment and are 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 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 September 30, 2017, there were no amounts outstanding subject to the Sweep Arrangement.

As of September 30, 2017, 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 letters of credit utilized as collateral for closure and post-closure financial assurance and other assurance obligations.

The Company may at any time and from time to time prepay revolving credit loans and swingline loans, in whole or in part, without premium or penalty, subject to the obligation to indemnify each of the lenders against any actual loss or expense (including any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain a LIBOR rate loan (as defined in the New Credit Agreement) or from fees payable to terminate the deposits

from which such funds were obtained) with respect to the early termination of any LIBOR rate loan. The New Credit Agreement provides for mandatory prepayment at any time if the revolving credit outstandings exceed the revolving credit commitment (as such terms are defined in the New Credit Agreement), in an amount equal to such excess. Subject to certain exceptions, the New Credit Agreement provides for mandatory prepayment upon certain asset dispositions, casualty events and issuances of indebtedness.

Pursuant to (i) an unconditional guarantee agreement and (ii) a collateral agreement, each entered into by the Company and its domestic subsidiaries on April 18, 2017, the Company's obligations under the New Credit Agreement are (or will be) jointly and severally and fully and unconditionally guaranteed on a senior basis by all of the Company's existing and certain future domestic subsidiaries and are secured by substantially all of the assets of the Company and the Company's existing and certain future domestic subsidiaries (subject to certain exclusions), including 100% of the equity interests of the Company's domestic subsidiaries and 65% of the voting equity interests of the Company's directly owned foreign subsidiaries (and 100% of the non-voting equity interests of the Company's directly owned foreign subsidiaries).

The New Credit Agreement contains customary restrictive covenants, subject to certain permitted amounts and exceptions, including covenants limiting the ability of the Company to incur additional indebtedness, pay dividends and make other restricted payments, repurchase shares of our outstanding stock and create certain liens. Upon the occurrence of an event

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of default (as defined in the New Credit Agreement), among other things, amounts outstanding under the New Credit Agreement may be accelerated and the commitments may be terminated.

The New Credit Agreement also contains financial maintenance covenants, a maximum consolidated total net leverage ratio and a consolidated interest coverage ratio (as such terms are defined in the New Credit Agreement). Our consolidated total net leverage ratio as of the last day of any fiscal quarter, commencing with the fiscal quarter ending June 30, 2017, may not exceed 3.50 to 1.00, subject to certain exceptions. Our consolidated interest coverage ratio as of the last day of any fiscal quarter, commencing with the fiscal quarter ending June 30, 2017, may not be less than 3.00 to 1.00.

At September 30, 2017, we were in compliance with all of the financial covenants in the New Credit Agreement.

NOTE 9. CLOSURE AND POST-CLOSURE OBLIGATIONS

Our accrued closure and post-closure liability represents the expected future costs, including corrective actions, associated with closure and post-closure of our operating and non-operating disposal facilities. We record the fair value of our closure and post-closure obligations as a liability in the period in which the regulatory obligation to retire a specific asset is triggered. For our individual landfill cells, the required closure and post-closure obligations under the terms of our permits and our intended operation of the landfill cell are triggered and recorded when the cell is placed into service and waste is initially disposed in the landfill cell. The fair value is based on the total estimated costs to close the landfill cell and perform post-closure activities once the landfill cell has reached capacity and is no longer accepting waste. We perform periodic reviews of both non-operating and operating facilities and revise accruals for estimated closure and post-closure, remediation or other costs as necessary. Recorded liabilities are based on our best estimates of current costs and are updated periodically to include the effects of existing technology, presently enacted laws and regulations, inflation and other economic factors.

Changes to closure and post-closure obligations consisted of the following:

\$s in thousands	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2017
Closure and post-closure obligations, beginning of period	\$ 76,611	\$ 75,082
Accretion expense	1,090	3,245
Payments	(591)	(1,279)
Foreign currency translation	79	141

Closure and post-closure obligations, end of period	77,189	77,189
Less current portion	(2,271)	(2,271)
Long-term portion	\$ 74,918	\$ 74,918

NOTE 10. INCOME TAXES

Our effective tax rate for the three months ended September 30, 2017 was 35.8%, down from 38.3% for the three months ended September 30, 2016. Our effective tax rate for the nine months ended September 30, 2017 was 36.0%, down from 38.8% for the nine months ended September 30, 2016. The decrease for the three and nine months ended September 30, 2017 compared with the three and nine months ended September 30, 2016 primarily reflects a higher proportion of earnings from our Canadian operations, which are taxed at a lower corporate tax rate. The decrease was partially offset by a higher U.S. effective tax rate in the third quarter of 2017 as a result of the impact of nondeductible expenses due to the reduction of forecasted U.S. earnings as well as a higher overall effective state tax rate resulting from changes in our apportionment between the various states in which we operate.

We file a consolidated U.S. federal income tax return with the Internal Revenue Service (“IRS”) as well as income tax returns in various states and Canada. US Ecology, Inc. is subject to examination by the IRS for tax years 2014 through 2016. EQ is also subject to examination by the IRS for tax year 2014. We may be subject to examinations by the Canada

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Revenue Agency as well as various state and local taxing jurisdictions for tax years 2012 through 2016. We are currently not aware of any examinations by taxing authorities.

As discussed in Note 1 to the consolidated financial statements, the Company adopted ASU 2016-09 in the first quarter of 2017. The Company recorded all income tax effects of stock-based compensation awards in its provision for income taxes in the consolidated statement of operations on a prospective basis. Adoption of ASU 2016-09 resulted in net excess tax benefits in our provision for income taxes of approximately \$43,000 and \$120,000 for the three and nine months ended September 30, 2017. No other provisions of ASU 2016-09 had a material impact on the Company's consolidated financial statements or disclosures.

NOTE 11. EARNINGS PER SHARE

	Three Months Ended September 30,			
	2017		2016	
\$s and shares in thousands, except per share amounts	Basic	Diluted	Basic	Diluted
Net income	\$ 8,365	\$ 8,365	\$ 10,114	\$ 10,114
Weighted average basic shares outstanding	21,774	21,774	21,714	21,714
Dilutive effect of stock-based awards		157		90
Weighted average diluted shares outstanding		21,931		21,804
Earnings per share	\$ 0.38	\$ 0.38	\$ 0.47	\$ 0.46
Anti-dilutive shares excluded from calculation		117		195

	Nine Months Ended September 30,			
	2017		2016	
\$s and shares in thousands, except per share amounts	Basic	Diluted	Basic	Diluted
Net income	\$ 18,599	\$ 18,599	\$ 26,569	\$ 26,569
Weighted average basic shares outstanding	21,750	21,750	21,700	21,700
Dilutive effect of stock-based awards		143		80
Weighted average diluted shares outstanding		21,893		21,780
Earnings per share	\$ 0.86	\$ 0.85	\$ 1.22	\$ 1.22
Anti-dilutive shares excluded from calculation		115		267

NOTE 12. EQUITY

Stock Repurchase Program

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 the 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 nine months ended September 30, 2017. The repurchase program will remain in effect until June 2, 2018, unless extended by our Board of Directors.

Omnibus Incentive Plan

On May 27, 2015, our stockholders approved the Omnibus Incentive Plan ("Omnibus Plan"), which was approved by our Board of Directors on April 7, 2015. The Omnibus Plan was developed to provide additional incentives through equity ownership in US Ecology and, as a result, encourage employees and directors to contribute to our success. The Omnibus

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Plan provides, among other things, the ability for the Company to grant restricted stock, performance stock, options, stock appreciation rights, restricted stock units (“RSUs”), performance stock units (“PSUs”) and other stock-based awards or cash awards to officers, employees, consultants and non-employee directors. Subsequent to the approval of the Omnibus Plan in May 2015, we stopped granting equity awards under our 2008 Stock Option Incentive Plan and our 2006 Restricted Stock Plan (collectively, the “Previous Plans”). The Previous Plans will remain in effect solely for the settlement of awards granted under the Previous Plans. No shares that are reserved but unissued under the Previous Plans or that are outstanding under the Previous Plans and reacquired by the Company for any reason will be available for issuance under the Omnibus Plan. The Omnibus Plan expires on April 7, 2025 and authorizes 1,500,000 shares of common stock for grant over the life of the Omnibus Plan. As of September 30, 2017, 1,147,801 shares of common stock remain available for grant under the Omnibus Plan.

PSUs, RSUs and Restricted Stock

On January 2, 2017, the Company granted 11,500 PSUs to certain employees. Each PSU represents the right to receive, on the settlement date, one share of the Company’s common stock. The total number of PSUs each participant is eligible to earn ranges from 0% to 200% of the target number of PSUs granted. The actual number of PSUs that will vest and be settled in shares is determined at the end of a three-year performance period beginning January 1, 2017, based on total stockholder return relative to a set of peer companies. The fair value of the PSUs estimated on the grant date using a Monte Carlo simulation was \$62.45 per unit. Compensation expense is recorded over the awards' vesting period.

Assumptions used in the Monte Carlo simulation to calculate the fair value of the PSUs granted in 2017 are as follows:

	2017	
Stock price on grant date	\$ 49.15	
Expected term (years)	3.0	
Expected volatility	31	%
Risk-free interest rate	1.5	%
Expected dividend yield	1.5	%

A summary of our PSU, restricted stock and RSU activity for the nine months ended September 30, 2017 is as follows:

PSUs	Weighted	Restricted Stock	Weighted	RSUs	Weighted
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		Average Grant Date Fair Value		Average Grant Date Fair Value		Average Grant Date Fair Value
Outstanding as of December 31, 2016	Shares 19,463	\$ 48.62	Shares 55,201	\$ 42.78	Shares 19,930	\$ 39.10
Granted	11,500	62.45	28,988	49.67	34,870	47.93
Vested	—	—	(17,231)	46.36	(6,456)	39.10
Cancelled, expired or forfeited	—	—	(257)	47.89	(1,193)	41.92
Outstanding as of September 30, 2017	30,963	\$ 53.76	66,701	\$ 44.83	47,151	\$ 45.56

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Stock Options

A summary of our stock option activity for the nine months ended September 30, 2017 is as follows:

	Shares	Weighted Average Exercise Price
Outstanding as of December 31, 2016	446,498	\$ 36.49
Granted	38,087	49.27
Exercised	(49,200)	27.55
Cancelled, expired or forfeited	(5,656)	41.46
Outstanding as of September 30, 2017	429,729	\$ 38.58
Exercisable as of September 30, 2017	236,026	\$ 37.33

Treasury Stock

During the nine months ended September 30, 2017, the Company repurchased 2,502 shares of the Company's common stock in connection with the net share settlement of employee equity awards at an average cost of \$48.54 per share. During the nine months ended September 30, 2017, option holders exercised 49,200 options with a weighted-average exercise price of \$27.55 per option, and 6,043 shares were tendered to option holders in connection with options exercised via net share settlement.

NOTE 13. COMMITMENTS AND CONTINGENCIES

Litigation and Regulatory Proceedings

In the ordinary course of business, we are involved in judicial and administrative proceedings involving federal, state, provincial or local governmental authorities, including regulatory agencies that oversee and enforce compliance with permits. Fines or penalties may be assessed by regulators for non-compliance. Actions may also be brought by individuals or groups in connection with permitting of planned facilities, modification or alleged violations of existing permits, or alleged damages suffered from exposure to hazardous substances purportedly released from our operated

sites, as well as other litigation. We maintain insurance intended to cover property and damage claims asserted as a result of our operations. Periodically, management reviews and may establish reserves for legal and administrative matters, or other fees expected to be incurred in relation to these matters.

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.

NOTE 14. OPERATING SEGMENTS

Financial Information by Segment

Our operations are managed in two reportable segments reflecting our internal 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.

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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.

The operations not managed through our two reportable segments are recorded as "Corporate." Corporate selling, general and administrative expenses include typical corporate items such as legal, accounting and other items of a general corporate nature. Income taxes are assigned to Corporate, but all other items are included in the segment where they originated. Inter-company transactions have been eliminated from the segment information and are not significant between segments.

Summarized financial information of our reportable segments is as follows:

	Three Months Ended September 30, 2017			
	Environmental Services	Field & Industrial Services	Corporate	Total
\$s in thousands				
Treatment & Disposal Revenue	\$ 77,071	\$ 2,595	\$ —	\$ 79,666
Services Revenue:				
Transportation and Logistics (1)	20,590	4,955	—	25,545
Industrial Cleaning (2)	—	4,328	—	4,328
Technical Services (3)	—	20,314	—	20,314
Remediation (4)	—	2,672	—	2,672
Other (5)	—	1,529	—	1,529
Total Revenue	\$ 97,661	\$ 36,393	\$ —	\$ 134,054
Depreciation, amortization and accretion	\$ 9,342	\$ 1,316	\$ 118	\$ 10,776
Capital expenditures	\$ 7,594	\$ 561	\$ 647	\$ 8,802
Total assets	\$ 619,156	\$ 124,053	\$ 59,442	\$ 802,651

	Three Months Ended September 30, 2016			
	Environmental Services	Field & Industrial Services	Corporate	Total
\$s in thousands				
Treatment & Disposal Revenue	\$ 70,719	\$ 3,737	\$ —	\$ 74,456
Services Revenue:				
Transportation and Logistics (1)	17,066	4,073	—	21,139
Industrial Cleaning (2)	—	5,025	—	5,025
Technical Services (3)	—	20,364	—	20,364

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Remediation (4)	—	3,326	—	3,326
Other (5)	—	514	—	514
Total Revenue	\$ 87,785	\$ 37,039	\$ —	\$ 124,824
Depreciation, amortization and accretion	\$ 8,665	\$ 1,356	\$ 115	\$ 10,136
Capital expenditures	\$ 1,960	\$ 450	\$ 546	\$ 2,956
Total assets	\$ 589,841	\$ 124,351	\$ 59,118	\$ 773,310

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\$s in thousands	Nine Months Ended September 30, 2017			
	Environmental Services	Field & Industrial Services	Corporate	Total
Treatment & Disposal Revenue	\$ 217,012	\$ 8,133	\$ —	\$ 225,145
Services Revenue:				
Transportation and Logistics (1)	51,543	15,218	—	66,761
Industrial Cleaning (2)	—	13,252	—	13,252
Technical Services (3)	—	55,778	—	55,778
Remediation (4)	—	6,495	—	6,495
Other (5)	—	2,914	—	2,914
Total Revenue	\$ 268,555	\$ 101,790	\$ —	\$ 370,345
Depreciation, amortization and accretion	\$ 27,238	\$ 4,225	\$ 375	\$ 31,838
Capital expenditures	\$ 21,204	\$ 2,900	\$ 2,250	\$ 26,354
Total assets	\$ 619,156	\$ 124,053	\$ 59,442	\$ 802,651

\$s in thousands	Nine Months Ended September 30, 2016			
	Environmental Services	Field & Industrial Services	Corporate	Total
Treatment & Disposal Revenue	\$ 204,352	\$ 9,386	\$ —	\$ 213,738
Services Revenue:				
Transportation and Logistics (1)	47,754	14,416	—	62,170
Industrial Cleaning (2)	—	16,497	—	16,497
Technical Services (3)	—	57,136	—	57,136
Remediation (4)	—	8,816	—	8,816
Other (5)	—	2,136	—	2,136
Total Revenue	\$ 252,106	\$ 108,387	\$ —	\$ 360,493
Depreciation, amortization and accretion	\$ 25,117	\$ 4,070	\$ 362	\$ 29,549
Capital expenditures	\$ 18,309	\$ 1,883	\$ 2,358	\$ 22,550
Total assets	\$ 589,841	\$ 124,351	\$ 59,118	\$ 773,310

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- (1) Includes such services as collection, transportation and disposal of non-hazardous and hazardous waste.
- (2) Includes such services as industrial cleaning and maintenance for refineries, chemical plants, steel and automotive plants, and refinery services such as tank cleaning and temporary storage.
- (3) Includes such services as Total Waste Management ("TWM") programs, retail services, laboratory packing, less-than-truck-load ("LTL") service and Household Hazardous Waste ("HHW") collection.
- (4) Includes such services as site assessment, onsite treatment, project management and remedial action planning and execution.
- (5) Includes such services as emergency response and marine.

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.

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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.

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

\$s in thousands	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Net income	\$ 8,365	\$ 10,114	\$ 18,599	\$ 26,569
Income tax expense	4,668	6,278	10,465	16,828
Interest expense	2,783	4,288	15,387	13,150
Interest income	(18)	(8)	(49)	(90)
Foreign currency (gain) loss	(275)	224	(521)	(192)
Other (income) expense	(234)	19	(537)	(2,480)
Depreciation and amortization of plant and equipment	7,386	6,454	21,007	18,561
Amortization of intangibles	2,300	2,651	7,586	7,907
Stock-based compensation	995	605	2,954	2,182
Accretion and non-cash adjustment of closure & post-closure liabilities	1,090	1,031	3,245	3,081
Adjusted EBITDA	\$ 27,060	\$ 31,656	\$ 78,136	\$ 85,516

Adjusted EBITDA, by operating segment, is as follows:

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\$s in thousands	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Adjusted EBITDA:				
Environmental Services	\$ 35,524	\$ 37,747	\$ 102,022	\$ 104,352
Field & Industrial Services	3,646	4,466	9,829	13,267
Corporate	(12,110)	(10,557)	(33,715)	(32,103)
Total	\$ 27,060	\$ 31,656	\$ 78,136	\$ 85,516

Revenue, Property and Equipment and Intangible Assets Outside of the United States

We provide services in the United States and Canada. Revenues by geographic location where the underlying services were performed were as follows:

\$s in thousands	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
United States	\$ 112,821	\$ 111,005	\$ 319,776	\$ 325,379
Canada	21,233	13,819	50,569	35,114
Total revenue	\$ 134,054	\$ 124,824	\$ 370,345	\$ 360,493

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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	September 30, 2017	December 31, 2016
United States	\$ 400,269	\$ 405,767
Canada	59,341	54,826
Total long-lived assets	\$ 459,610	\$ 460,593

NOTE 15. SUBSEQUENT EVENTS

Quarterly Dividend

On October 2, 2017, we declared a quarterly dividend of \$0.18 per common share to stockholders of record on October 20, 2017. The dividend was paid using cash on hand on October 27, 2017 in an aggregate amount of \$3.9 million.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of

US Ecology, Inc.

Boise, Idaho

We have reviewed the accompanying consolidated balance sheet of US Ecology, Inc. and subsidiaries (the "Company") as of September 30, 2017, and the related consolidated statements of operations and comprehensive income for the three-month and nine month periods ended September 30, 2017 and 2016, and cash flows for the nine-month periods ended September 30, 2017 and 2016. This interim financial information is the responsibility of the Company's management.

We conducted our reviews in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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 Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial information taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to such consolidated 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), the consolidated balance sheet of US Ecology, Inc. and subsidiaries as of December 31, 2016, 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 27, 2017, 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, 2016 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ Deloitte & Touche LLP

Boise, Idaho

October 30, 2017

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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.

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

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composition of Environmental Services segment T&D revenues by waste generator industry for the three and nine months ended September 30, 2017 and 2016 were as follows:

	% of Treatment and Disposal Revenue (1) for the Three Months Ended September 30,	
Generator Industry	2017	2016
Chemical Manufacturing	20%	12%
Metal Manufacturing	15%	16%
General Manufacturing	13%	16%
Broker / TSDF	12%	15%
Refining	10%	11%
Government	6%	5%
Utilities	4%	4%
Transportation	3%	2%
Mining, Exploration and Production	3%	3%
Waste Management & Remediation	3%	2%
Other (2)	11%	14%

(1) Excludes all transportation service revenue

(2) Includes retail and wholesale trade, rate regulated, construction and other industries

	% of Treatment and Disposal Revenue (1) for the Nine Months Ended September 30,	
Generator Industry	2017	2016
Metal Manufacturing	16%	16%
Chemical Manufacturing	16%	13%
Broker / TSDF	13%	15%
General Manufacturing	13%	14%
Refining	11%	11%
Government	6%	6%
Utilities	4%	4%
Mining, Exploration and Production	3%	3%
Transportation	3%	3%
Waste Management & Remediation	3%	2%

Other (2)	12%	13%
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(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. 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.

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 September 30, 2017, approximately 26% of our T&D revenue was derived from Event Business projects, up from 20% for the three months ended September 30, 2016. For the three months ended September 30, 2017, Event Business revenue increased 40% compared to the three months ended September 30, 2016. For the nine months ended September 30, 2017, approximately 22% of our T&D revenue was derived from Event Business projects, up from 19% for the nine months ended September 30, 2016. For the nine months ended September 30, 2017, Event Business revenue increased 19% compared to the nine months ended September 30, 2016. 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

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vary from quarter to quarter. This variability can cause significant quarter-to-quarter and year-to-year differences in revenue, gross profit, gross margin, operating income and net income. Also, while we pursue many large projects months or years in advance of work performance, both large and small 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.

For the three months ended September 30, 2017, Base Business revenue increased 1% compared to the three months ended September 30, 2016. Base Business revenue was approximately 74% of total T&D revenue for the three months ended September 30, 2017, down from 80% for the three months ended September 30, 2016. For the nine months ended September 30, 2017, Base Business revenue increased 3% compared to the nine months ended September 30, 2016. Base Business revenue was approximately 78% of total T&D revenue for the nine months ended September 30, 2017, down from 81% for the nine months ended September 30, 2016. Our business is highly competitive and no assurance can be given that we will maintain these revenue levels or increase our market share.

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 bundling service strategy further drive the 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 also 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 SEPTEMBER 30, 2017 COMPARED TO THREE MONTHS ENDED SEPTEMBER 30, 2016

Operating results and percentage of revenues were as follows:

\$s in thousands	Three Months Ended September 30,				2017 vs. 2016			
	2017	%	2016	%	\$ Change	% Change		
Revenue								
Environmental Services	\$ 97,661	73 %	\$ 87,785	70 %	\$ 9,876	11	%	
Field & Industrial Services	36,393	27 %	37,039	30 %	(646)	(2)	%	
Total	134,054	100 %	124,824	100 %	9,230	7	%	
Gross Profit								
Environmental Services	33,146	34 %	33,636	38 %	(490)	(1)	%	
Field & Industrial Services	4,587	13 %	5,718	15 %	(1,131)	(20)	%	
Total	37,733	28 %	39,354	32 %	(1,621)	(4)	%	
Selling, General & Administrative Expenses								
Environmental Services	7,074	7 %	4,676	5 %	2,398	51	%	
Field & Industrial Services	2,318	6 %	2,657	7 %	(339)	(13)	%	
Corporate	13,052	n/m	11,106	n/m	1,946	18	%	
Total	22,444	17 %	18,439	15 %	4,005	22	%	
Adjusted EBITDA								
Environmental Services	35,524	36 %	37,747	43 %	(2,223)	(6)	%	
Field & Industrial Services	3,646	10 %	4,466	12 %	(820)	(18)	%	
Corporate	(12,110)	n/m	(10,557)	n/m	(1,553)	15	%	
Total	\$ 27,060	20 %	\$ 31,656	25 %	\$ (4,596)	(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:

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\$s in thousands	Three Months Ended		2017 vs. 2016		
	September 30, 2017	2016	\$ Change	% Change	
Net Income	\$ 8,365	\$ 10,114	\$ (1,749)	(17)	%
Income tax expense	4,668	6,278	(1,610)	(26)	%
Interest expense	2,783	4,288	(1,505)	(35)	%
Interest income	(18)	(8)	(10)	125	%
Foreign currency (gain) loss	(275)	224	(499)	(223)	%
Other (income) expense	(234)	19	(253)	(1,332)	%
Depreciation and amortization of plant and equipment	7,386	6,454	932	14	%
Amortization of intangibles	2,300	2,651	(351)	(13)	%
Stock based compensation	995	605	390	64	%
Accretion and non cash adjustment of closure and post closure liabilities	1,090	1,031	59	6	%
Adjusted EBITDA	\$ 27,060	\$ 31,656	\$ (4,596)	(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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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 7% to \$134.1 million for the third quarter of 2017 compared with \$124.8 million for the third quarter of 2016.

Environmental Services

Environmental Services segment revenue increased 11% to \$97.7 million for the third quarter of 2017 compared to \$87.8 million for the third quarter of 2016. T&D revenue increased 9% compared to the third quarter of 2016, primarily as a result of a 40% increase in project-based Event Business revenue and a 1% increase in Base Business revenue. Transportation service revenue increased 21% compared to the third quarter of 2016, 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 decreased 15% for the third quarter of 2017 compared to the third quarter of 2016. Tons of waste disposed of or processed at our landfills decreased 18% for the third quarter of 2017 compared to the third quarter of 2016.

T&D revenue from recurring Base Business waste generators increased 1% for the third quarter of 2017 compared to the third quarter of 2016 and comprised 74% of total T&D revenue for the third quarter of 2017. During the third quarter of 2017, increases in Base Business T&D revenue from the chemical manufacturing and general manufacturing industry groups were partially offset by a decrease in Base Business T&D revenue from the refining and broker/TSDf industry groups.

T&D revenue from Event Business waste generators increased 40% for the third quarter of 2017 compared to the third quarter of 2016 and comprised 26% of total T&D revenue for the third quarter of 2017. During the third quarter of 2017, increases in Event Business T&D revenue from the chemical manufacturing, government and refining industry groups were partially offset by decreases in Event Business T&D revenue from the general 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 third quarter of 2017 as compared to the third quarter of 2016:

	Treatment and Disposal Revenue Growth Three Months Ended September 30, 2017 vs. Three Months Ended September 30, 2016
Chemical Manufacturing	90%
Government	33%
Waste Management & Remediation	31%
Transportation	17%
Utilities	11%
Mining, Exploration & Production	8%
Metal Manufacturing	3%
Other	-7%
Refining	-7%
Broker / TSDF	-10%
General Manufacturing	-14%

Field & Industrial Services

Field & Industrial Services segment revenue decreased 2% to \$36.4 million for the third quarter of 2017 compared with \$37.0 million for the third quarter of 2016. The decrease in Field & Industrial Services segment revenue is primarily attributable to the expiration of a contract that was not renewed or replaced and softer overall market conditions for industrial and remediation services.

Gross Profit

Total gross profit decreased 4% to \$37.7 million for the third quarter of 2017, down from \$39.4 million for the third quarter of 2016. Total gross margin was 28% for the third quarter of 2017 compared with 32% for the third quarter of 2016.

Environmental Services

Environmental Services segment gross profit decreased 1% to \$33.1 million for the third quarter of 2017, down from \$33.6 million for the third quarter of 2016. Total segment gross margin for the third quarter of 2017 was 34% compared with 38% for the third quarter of 2016. T&D gross margin was 38% for the third quarter of 2017 compared with 43% for the third quarter of 2016. The decrease in T&D gross margin is primarily attributable to a less favorable service mix and incremental costs associated with a hurricane that impacted our Robstown, Texas facility.

Field & Industrial Services

Field & Industrial Services segment gross profit decreased 20% to \$4.6 million for the third quarter of 2017, down from \$5.7 million for the third quarter of 2016. Total segment gross margin was 13% for the third quarter of 2017 compared with 15% for the third quarter of 2016. The decrease in segment gross margin is attributable to lower route density in our small quantity generation services due to a contract that was not renewed in late 2016 and a less favorable service mix for our industrial and remediation services in the third quarter of 2017 compared to the third quarter of 2016.

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

Total SG&A was \$22.4 million, or 17% of total revenue, for the third quarter of 2017 compared with \$18.4 million, or 15% of total revenue, for the third quarter of 2016.

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Environmental Services

Environmental Services segment SG&A increased 51% to \$7.1 million, or 7% of segment revenue, for the third quarter of 2017 compared with \$4.7 million, or 5% of segment revenue, for the third quarter of 2016, primarily reflecting higher employee labor costs and higher property tax expenses in the third quarter of 2017 compared to the third quarter of 2016. The Company is appealing a \$1.1 million property tax assessment recorded in the third quarter of 2017 for tax years 2015 through 2017 associated with our 2014 acquisition of EQ Holdings, Inc. The increase in segment SG&A is also partially due to insurance recoveries received in the third quarter of 2016 that did not repeat in the third quarter of 2017.

Field & Industrial Services

Field & Industrial Services segment SG&A decreased 13% to \$2.3 million, or 6% of segment revenue, for the third quarter of 2017 compared with \$2.7 million, or 7% of segment revenue, for the third quarter of 2016, primarily reflecting lower equipment and supplies expenses and lower bad debt expenses in the third quarter of 2017 compared to the third quarter of 2016.

Corporate

Corporate SG&A was \$13.1 million, or 10% of total revenue, for the third quarter of 2017 compared with \$11.1 million, or 9% of total revenue, for the third quarter of 2016, primarily reflecting higher employee labor costs and higher business development costs in the third quarter of 2017 compared with the third quarter of 2016.

Components of Adjusted EBITDA

Income tax expense

Our effective income tax rate for the third quarter of 2017 was 35.8% compared with 38.3% for the third quarter of 2016. The decrease primarily reflects a higher proportion of earnings from our Canadian operations, which are taxed at a lower corporate tax rate, in the third quarter of 2017 compared with the third quarter of 2016. The decrease was partially offset by a higher U.S. effective tax rate in the third quarter of 2017 as a result of the impact of nondeductible expenses due to the reduction of forecasted U.S. earnings as well as a higher overall effective state tax rate resulting from changes in our apportionment between the various states in which we operate. The effective tax rate for the three

months ended September 30, 2017 also reflects the impact of discrete events including the recognition of excess tax benefits related to employee stock compensation as a result of the adoption of Accounting Standards Update 2016-09.

Interest expense

Interest expense was \$2.8 million for the third quarter of 2017 compared with \$4.3 million for the third quarter of 2016.

The decrease was primarily the result of a lower effective interest rate under the New Credit Agreement compared to the Former Credit Agreement and reduced debt levels in the third quarter of 2017 compared to the third quarter of 2016.

Foreign currency gain (loss)

We recognized a \$275,000 non-cash foreign currency gain for the third quarter of 2017 compared with a \$224,000 non-cash foreign currency loss for the third quarter of 2016. 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 September 30, 2017, we had \$19.8 million of intercompany loans subject to currency revaluation.

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Other income (expense)

Other income was \$234,000 for the third quarter of 2017 compared with other expense of \$19,000 for the third quarter of 2016.

Depreciation and amortization of plant and equipment

Depreciation and amortization expense was \$7.4 million for the third quarter of 2017 compared with \$6.5 million for the third quarter of 2016, primarily reflecting additional depreciation expense on assets placed in service subsequent to the third quarter of 2016.

Amortization of intangibles

Intangible assets amortization expense was \$2.3 million for the third quarter of 2017 compared with \$2.7 million for the third quarter of 2016.

Stock-based compensation

Stock-based compensation expense increased 64% to \$1.0 million for the third quarter of 2017 compared with \$605,000 for the third quarter of 2016 as a result of an increase in equity-based awards granted to employees.

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 third quarter of 2017 compared with \$1.0 million for the third quarter of 2016.

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NINE MONTHS ENDED SEPTEMBER 30, 2017 COMPARED TO NINE MONTHS ENDED SEPTEMBER 30, 2016

Operating results and percentage of revenues were as follows:

\$s in thousands	Nine Months Ended September 30,				2017 vs. 2016	
	2017	%	2016	%	\$ Change	% Change
Revenue						
Environmental Services	\$ 268,555	73 %	\$ 252,106	70 %	\$ 16,449	7 %
Field & Industrial Services	101,790	27 %	108,387	30 %	(6,597)	(6) %
Total	370,345	100 %	360,493	100 %	9,852	3 %
Gross Profit						
Environmental Services	92,506	34 %	94,685	38 %	(2,179)	(2) %
Field & Industrial Services	12,996	13 %	16,783	15 %	(3,787)	(23) %
Total	105,502	28 %	111,468	31 %	(5,966)	(5) %
Selling, General & Administrative Expenses						
Environmental Services	18,066	7 %	15,791	6 %	2,275	14 %
Field & Industrial Services	7,586	7 %	7,732	7 %	(146)	(2) %
Corporate	36,506	n/m	34,160	n/m	2,346	7 %
Total	62,158	17 %	57,683	16 %	4,475	8 %
Adjusted EBITDA						
Environmental Services	102,022	38 %	104,352	41 %	(2,330)	(2) %
Field & Industrial Services	9,829	10 %	13,267	12 %	(3,438)	(26) %
Corporate	(33,715)	n/m	(32,103)	n/m	(1,612)	5 %
Total	\$ 78,136	21 %	\$ 85,516	24 %	\$ (7,380)	(9) %

Adjusted EBITDA

As discussed above, the primary financial measure used by management to assess segment performance is Adjusted EBITDA. The reconciliation of Net Income to Adjusted EBITDA is as follows:

\$s in thousands	Nine Months Ended		2017 vs. 2016	
	September 30, 2017	September 30, 2016	\$ Change	% Change
Net Income	\$ 18,599	\$ 26,569	\$ (7,970)	(30) %
Income tax expense	10,465	16,828	(6,363)	(38) %
Interest expense	15,387	13,150	2,237	17 %

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Interest income	(49)	(90)	41	(46)	%
Foreign currency gain	(521)	(192)	(329)	171	%
Other income	(537)	(2,480)	1,943	(78)	%
Depreciation and amortization of plant and equipment	21,007	18,561	2,446	13	%
Amortization of intangibles	7,586	7,907	(321)	(4)	%
Stock based compensation	2,954	2,182	772	35	%
Accretion and non cash adjustment of closure and post closure liabilities	3,245	3,081	164	5	%
Adjusted EBITDA	\$ 78,136	\$ 85,516	\$ (7,380)	(9)	%

Revenue

Total revenue increased 3% to \$370.3 million for the first nine months of 2017 compared with \$360.5 million for the first nine months of 2016.

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Environmental Services

Environmental Services segment revenue increased 7% to \$268.6 million for the first nine months of 2017 compared to \$252.1 million for the first nine months of 2016. T&D revenue increased 6% compared to the first nine months of 2016, primarily as a result of a 19% increase in project-based Event Business revenue and a 3% increase in Base Business revenue. Transportation service revenue increased 7% compared to the first nine months of 2016, 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 decreased 2% for the first nine months of 2017 compared to the first nine months of 2016. Tons of waste disposed of or processed at our landfills decreased 1% for the first nine months of 2017 compared to the first nine months of 2016.

T&D revenue from recurring Base Business waste generators increased 3% for the first nine months of 2017 compared to the first nine months of 2016 and comprised 78% of total T&D revenue for the first nine months of 2017. During the first nine months of 2017, increases in Base Business T&D revenue from the chemical manufacturing, general manufacturing, metal manufacturing, "other" and refining industry groups were partially offset by decreases in Base Business T&D revenue from the broker/TSDf and transportation industry groups.

T&D revenue from Event Business waste generators increased 19% for the first nine months of 2017 compared to the first nine months of 2016 and comprised 22% of total T&D revenue for the first nine months of 2017. During the first nine months of 2017, increases in Event Business T&D revenue from the chemical manufacturing, "other", government and refining industry groups were partially offset by decreases in Event Business T&D revenue from the general manufacturing and utilities 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 nine months of 2017 as compared to the first nine months of 2016:

	Treatment and Disposal Revenue Growth Nine Months Ended September 30, 2017 vs. Nine Months Ended September 30, 2016
Chemical Manufacturing	32%
Waste Management & Remediation	21%
Government	13%
Other	11%
Refining	7%

Metal Manufacturing	2%
Transportation	1%
General Manufacturing	-3%
Mining, Exploration & Production	-7%
Broker / TSDF	-8%
Utilities	-10%

Field & Industrial Services

Field & Industrial Services segment revenue decreased 6% to \$101.8 million for the first nine months of 2017 compared with \$108.4 million for the first nine months of 2016. The decrease in Field & Industrial Services segment revenue is primarily attributable to the expiration of a contract that was not renewed or replaced and softer overall market conditions for industrial and remediation services.

Gross Profit

Total gross profit decreased 5% to \$105.5 million for the first nine months of 2017, down from \$111.5 million for the first nine months of 2016. Total gross margin was 28% for the first nine months of 2017 compared with 31% for the first nine months of 2016.

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Environmental Services

Environmental Services segment gross profit decreased 2% to \$92.5 million for the first nine months of 2017, down from \$94.7 million for the first nine months of 2016. Total segment gross margin for the first nine months of 2017 was 34% compared with 38% for the first nine months of 2016. T&D gross margin was 38% for the first nine months of 2017 compared with 42% for the first nine months of 2016. The decrease in T&D gross margin is primarily attributable to the impact of the temporarily closure of one of our treatment facilities due to wind damage, a less favorable service mix and incremental costs associated with a hurricane that impacted our Robstown, Texas facility, in the first nine months of 2017 compared to the first nine months of 2016.

Field & Industrial Services

Field & Industrial Services segment gross profit decreased 23% to \$13.0 million for the first nine months of 2017, down from \$16.8 million for the first nine months of 2016. Total segment gross margin was 13% for the first nine months of 2017 compared with 15% for the first nine months of 2016. The decrease in segment gross margin is attributable to lower route density in our small quantity generation services due to a contract that was not renewed in late 2016 and a less favorable service mix for our industrial and remediation services in the first nine months of 2017 compared to the first nine months of 2016.

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

Total SG&A was \$62.2 million, or 17% of total revenue, for the first nine months of 2017 compared with \$57.7 million, or 16% of total revenue, for the first nine months of 2016.

Environmental Services

Environmental Services segment SG&A increased 14% to \$18.1 million, or 7% of segment revenue, for the first nine months of 2017 compared with \$15.8 million, or 6% of segment revenue, for the first nine months of 2016, primarily reflecting higher employee labor costs and higher property tax expenses, partially offset by higher insurance recoveries and lower bad debt expense in the first nine months of 2017 compared to the first nine months of 2016. The Company is appealing a \$1.1 million property tax assessment recorded in the third quarter of 2017 for tax years 2015 through 2017 associated with our 2014 acquisition of EQ Holding, Inc.

Field & Industrial Services

Field & Industrial Services segment SG&A decreased 2% to \$7.6 million, or 7% of segment revenue, for the first nine months of 2017 compared with \$7.7 million, or 7% of segment revenue, for the first nine months of 2016. The decrease in segment SG&A primarily reflects higher insurance recoveries and lower bad debt expense, partially offset by higher employee labor costs in the first nine months of 2017 compared to the first nine months of 2016.

Corporate

Corporate SG&A was \$36.5 million, or 10% of total revenue, for the first nine months of 2017 compared with \$34.2 million, or 9% of total revenue, for the first nine months of 2016, primarily reflecting higher employee labor costs in the first nine months of 2017 compared with the first nine months of 2016.

Components of Adjusted EBITDA

Income tax expense

Our effective income tax rate for the first nine months of 2017 was 36.0% compared with 38.8% for the first nine months of 2016. The decrease primarily reflects a higher proportion of earnings from our Canadian operations, which are taxed at a lower corporate tax rate, in the first nine months of 2017 compared with the first nine months of 2016. The decrease was partially offset by a higher U.S. effective tax rate in the first nine months of 2017 as a result of the impact of nondeductible

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expenses due to the reduction of forecasted U.S. earnings as well as a higher overall effective state tax rate resulting from changes in our apportionment between the various states in which we operate. The effective tax rate for the nine months ended September 30, 2017 also reflects the impact of discrete events including the recognition of excess tax benefits related to employee stock compensation as a result of the adoption of Accounting Standards Update 2016-09.

Interest expense

Interest expense was \$15.4 million for the first nine months of 2017 compared with \$13.2 million for the first nine months of 2016. The Company wrote off certain unamortized deferred financing costs and original issue discount associated with the Former Credit Agreement that were to be amortized to interest expense in future periods through a one-time non-cash charge of \$5.5 million to interest expense in the second quarter of 2017. This increase is partially offset by a lower effective interest rate under the New Credit Agreement compared to the Former Credit Agreement and reduced debt levels in the first nine months of 2017 compared to the first nine months of 2016.

Foreign currency gain

We recognized a \$521,000 non-cash foreign currency gain for the first nine months of 2017 compared with a \$192,000 non-cash foreign currency gain for the first nine months of 2016. 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 September 30, 2017, we had \$19.8 million of intercompany loans subject to currency revaluation.

Other income

Other income for the first nine months of 2016 includes approximately \$2.0 million related to the gain on sale of the Augusta, Georgia facility in April 2016 and final closing adjustments on the Allstate divestiture.

Depreciation and amortization of plant and equipment

Depreciation and amortization expense was \$21.0 million for the first nine months of 2017 compared with \$18.6 million for the first nine months of 2016, primarily reflecting additional depreciation expense on assets placed in service subsequent to the first nine months of 2016.

Amortization of intangibles

Intangible assets amortization expense was \$7.6 million for the first nine months of 2017 compared with \$7.9 million for the first nine months of 2016.

Stock-based compensation

Stock-based compensation expense increased 35% to \$3.0 million for the first nine months of 2017 compared with \$2.2 million for the first nine months of 2016 as a result of an increase in equity-based awards granted to employees.

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

Accretion and non-cash adjustment of closure and post-closure liabilities was \$3.2 million for the first nine months of 2017 compared with \$3.1 million for the first nine months of 2016.

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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, 2016.

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 the new senior secured credit agreement (the “New Credit Agreement”). At September 30, 2017, we had \$9.2 million in cash and cash equivalents immediately available and \$216.7 million of borrowing capacity available under our New 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 New Credit Agreement provide additional sources of liquidity should they be required.

Operating Activities

For the nine months ended September 30, 2017, net cash provided by operating activities was \$49.4 million. This primarily reflects net income of \$18.6 million, non-cash depreciation, amortization and accretion of \$31.8 million, an increase in accounts payable and accrued liabilities of \$6.2 million, amortization and write-off of debt issuance costs of \$5.8 million, an increase in deferred revenue of \$4.2 million, share-based compensation expense of \$3.0 million, an increase in accrued salaries and benefits of \$2.7 million and a decrease in income taxes receivable of \$1.6 million, partially offset by an increase in accounts receivable of \$20.1 million and an increase in other assets of \$2.6 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 receivables 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.

Days sales outstanding were 79 days as of September 30, 2017, compared to 73 days as of December 31, 2016 and 72 days as of September 30, 2016.

For the nine months ended September 30, 2016, net cash provided by operating activities was \$56.4 million. This primarily reflects net income of \$26.6 million, non-cash depreciation, amortization and accretion of \$29.5 million, a decrease in accounts receivable of \$8.7 million, share-based compensation expense of \$2.2 million, non-cash amortization of debt issuance costs of \$1.6 million, and a decrease in income taxes receivable of \$1.1 million, partially offset by a decrease in accounts payable and accrued liabilities of \$6.6 million, a decrease in deferred income taxes of \$2.8 million, the gain recognized on the divestiture of the Augusta, Georgia facility in April 2016 and final closing adjustments on the Allstate divestiture of \$2.0 million, and a decrease in deferred revenue of \$1.9 million. Impacts on net income are due to the factors discussed above under "Results of Operations." The decrease in receivables is primarily attributable to the timing of customer payments. Changes in income taxes receivable and payable are primarily attributable to the timing of income tax payments. Changes in deferred revenue are primarily attributable to the timing of the treatment and disposal of waste received but not yet processed.

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Investing Activities

For the nine months ended September 30, 2017, net cash used in investing activities was \$25.4 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.

For the nine months ended September 30, 2016, net cash used in investing activities was \$29.3 million, primarily related to capital expenditures of \$22.6 million, deposit of \$5.0 million for the purchase of the assets of the Vernon, California based RCRA Part B, liquids and solids waste treatment and storage facility of Evoqua Water Technologies LLC (see Note 17 of the Notes to Consolidated Financial Statements in “Part I, Item 1. Financial Statements (Unaudited)” of this Quarterly Report on Form 10-Q for additional information) and the purchase of Environmental Services Inc., (“ESI”), for \$4.9 million, net of cash acquired, partially offset by proceeds from the divestiture of our Augusta, Georgia facility for \$2.7 million, net of cash divested. Significant capital projects included construction of additional disposal capacity at our Blainville, Quebec, Canada, Beatty, Nevada and Robstown, Texas facilities and equipment purchases and infrastructure upgrades at our corporate and operating facilities.

Financing Activities

For the nine months ended September 30, 2017, net cash used in financing activities was \$22.3 million, consisting primarily of \$283.0 million of repayment of the Company’s long-term debt under the Former Credit Agreement, \$281.0 million of initial proceeds from the borrowing of long-term debt under the New Credit Agreement, \$4.0 million of subsequent repayments of long-term debt under the New Credit Agreement, \$11.8 million of dividend payments to our stockholders, \$3.0 million of deferred financing costs associated with the New Credit Agreement and net payment activity on the Company’s short-term borrowings of \$2.2 million.

For the nine months ended September 30, 2016, net cash used in financing activities was \$26.7 million, consisting primarily of \$17.2 million of payments on the Company’s long-term debt under the Former Credit Agreement and \$11.8 million of dividend payments to our stockholders, partially offset by \$2.3 million of net short-term borrowings under the Former Credit Agreement to fund working capital requirements.

New Credit Agreement

The New 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 New 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 New 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 New Credit Agreement).

At September 30, 2017, the effective interest rate on the Revolving Credit Facility, including the impact of our interest rate swap, was 3.39%. 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 \$195.0 million, or 70%, of the Revolving Credit Facility borrowings as of September 30, 2017. The interest rate swap agreement continued to be effective following the termination of the Company's Former Credit Agreement.

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 New Credit Agreement). The maximum letter of credit capacity under the Revolving Credit Facility is

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\$75.0 million and the New Credit Agreement provides for a letter of credit fee equal to the applicable margin for LIBOR loans under the Revolving Credit Facility. At September 30, 2017, 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 New 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 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 September 30, 2017, there were no amounts outstanding subject to the Sweep Arrangement.

As of September 30, 2017, 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 8 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

Except as set forth in the paragraph below, there were no material changes in the amounts of our contractual obligations and guarantees during the nine months ended September 30, 2017. 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, 2016.

On April 18, 2017, the Company entered into the New Credit Agreement. In connection with the Company’s entry into the New Credit Agreement, the Company terminated the Former Credit Agreement. For more information about our refinancing, see Note 8 of the Notes to Consolidated Financial Statements in “Part I, Item 1. Financial Statements (Unaudited)” of this Quarterly Report on Form 10-Q.

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 September 30, 2017, \$5.8 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 New Credit Agreement. Under the New Credit Agreement, Revolving Credit Facility borrowings incur interest at a base rate (as defined in the New 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 New 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. The interest rate swap agreement continued to be effective following the termination of the Company's Former Credit Agreement. Under the terms of the swap, the Company pays interest at the fixed effective rate of 5.17% and receives interest at the variable one-month LIBOR rate on an initial notional amount of \$250.0 million.

As of September 30, 2017, there were \$277.0 million of revolving loans outstanding under the New 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 New Credit Agreement.

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Based on the outstanding indebtedness of \$277.0 million under the New Credit Agreement at September 30, 2017 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 \$895,000 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 nine months ended September 30, 2017, our Canadian subsidiaries transacted approximately 60% 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 September 30, 2017, we had \$19.8 million of intercompany loans outstanding between our Canadian subsidiaries and US Ecology. During the nine months ended September 30, 2017, the CAD strengthened as compared to the USD resulting in a \$1.5 million non-cash foreign currency translation gain being recognized in the Company's consolidated statements of operations related to the intercompany loans. Based on intercompany balances as of September 30, 2017, a \$0.01 CAD increase or decrease in currency rate compared to the USD at September 30, 2017 would have generated a gain or loss of approximately \$198,000 for the nine months ended September 30, 2017.

We had a total pre-tax foreign currency gain of \$521,000 for the nine months ended September 30, 2017. 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 September 30, 2017. 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").

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.

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, 2016 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 nine months ended September 30, 2017. The repurchase program will remain in effect until June 2, 2018, unless extended by our Board of Directors.

The following table summarizes the purchases of shares of our common stock during the nine months ended September 30, 2017:

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, 2017	—	\$ —	—	\$ 25,000,000
February 1 to 28, 2017	—	—	—	25,000,000
March 1 to 31, 2017 (1)	1,569	48.50	—	25,000,000
April 1 to 30, 2017	—	—	—	25,000,000
May 1 to 31, 2017	—	—	—	25,000,000
June 1 to 30, 2017 (1)	44	50.95	—	25,000,000
July 1 to 31, 2017	—	—	—	25,000,000
August 1 to 31, 2017 (1)	889	48.50	—	25,000,000
September 1 to 30, 2017	—	—	—	25,000,000
Total	2,502	\$ 48.54	—	\$ 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 September 30, 2017 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: October 30, 2017 /s/ Eric L. Gerratt
Eric L. Gerratt
Executive Vice President, Chief Financial Officer and Treasurer