

WASTE MANAGEMENT INC  
Form 10-Q  
October 25, 2018

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

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

For the Quarterly Period Ended September 30, 2018

or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 1-12154

Waste Management, Inc.

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

73-1309529  
(I.R.S. Employer  
Identification No.)

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1001 Fannin Street

Houston, Texas 77002

(Address of principal executive offices)

(713) 512-6200

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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

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

The number of shares of Common Stock, \$0.01 par value, of the registrant outstanding at October 22, 2018 was 426,347,027 (excluding treasury shares of 203,935,434).



## PART I.

## Item 1. Financial Statements.

## WASTE MANAGEMENT, INC.

## CONDENSED CONSOLIDATED BALANCE SHEETS

(In Millions, Except Share and Par Value Amounts)

	September 30, 2018 (Unaudited)	December 31, 2017
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 83	\$ 22
Accounts receivable, net of allowance for doubtful accounts of \$25 and \$21, respectively	1,943	1,805
Other receivables	399	569
Parts and supplies	103	96
Other assets	147	132
Total current assets	2,675	2,624
Property and equipment, net of accumulated depreciation and amortization of \$18,174 and \$17,704, respectively	11,815	11,559
Goodwill	6,390	6,247
Other intangible assets, net	554	547
Restricted trust and escrow accounts	394	319
Investments in unconsolidated entities	419	269
Other assets	344	264
Total assets	\$ 22,591	\$ 21,829
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 940	\$ 1,040
Accrued liabilities	1,171	980
Deferred revenues	512	503
Current portion of long-term debt	447	739
Total current liabilities	3,070	3,262
Long-term debt, less current portion	9,569	8,752
Deferred income taxes	1,245	1,248
Landfill and environmental remediation liabilities	1,832	1,770
Other liabilities	634	755
Total liabilities	16,350	15,787
Commitments and contingencies		
Equity:		
Waste Management, Inc. stockholders' equity:		
Common stock, \$0.01 par value; 1,500,000,000 shares authorized; 630,282,461 shares issued	6	6
Additional paid-in capital	4,927	4,933

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Retained earnings	9,464	8,588
Accumulated other comprehensive income (loss)	(16)	8
Treasury stock at cost, 203,157,357 and 196,963,558 shares, respectively	(8,142)	(7,516)
Total Waste Management, Inc. stockholders' equity	6,239	6,019
Noncontrolling interests	2	23
Total equity	6,241	6,042
Total liabilities and equity	\$ 22,591	\$ 21,829

See Notes to Condensed Consolidated Financial Statements.

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## WASTE MANAGEMENT, INC.

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In Millions, Except per Share Amounts)

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Operating revenues	\$ 3,822	\$ 3,716	\$ 11,072	\$ 10,833
Costs and expenses:				
Operating	2,373	2,302	6,870	6,758
Selling, general and administrative	345	356	1,083	1,099
Depreciation and amortization	376	350	1,107	1,034
Restructuring	1	(2)	4	—
(Gain) loss from divestitures, asset impairments and unusual items, net	28	9	(14)	10
	3,123	3,015	9,050	8,901
Income from operations	699	701	2,022	1,932
Other income (expense):				
Interest expense, net	(93)	(90)	(277)	(272)
Equity in net losses of unconsolidated entities	(9)	(8)	(29)	(53)
Other, net	—	—	1	—
	(102)	(98)	(305)	(325)
Income before income taxes	597	603	1,717	1,607
Income tax expense	99	215	325	561
Consolidated net income	498	388	1,392	1,046
Less: Net income (loss) attributable to noncontrolling interests	(1)			