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Waste Management, Inc. (WM) CEO James Fish on Q3 2019 Results - Earnings Call Transcript

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Q3: 10-23-19 Earnings Summary

Press Release SEC *10-Q*

EPS of $1.19 beats by $0.04 | Revenue of $3.97B (3.79% Y/Y) misses by $-35.61M

Earning Call Audio

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Waste Management, Inc. (NYSE:WM) Q3 2019 Results Earnings Conference Call
October 23, 2019 10:00 AM ET

Company Participants

Ed Egl - Senior Director, IR

James Fish - President & CEO

John Morris - EVP & COO

Devina Rankin - SVP & CFO

Conference Call Participants

Brian Maguire - Goldman Sachs

Sean Eastman - KeyBanc Capital

Noah Kaye - Oppenheimer

Michael Hoffman - Stifel

Mark Neville - Scotiabank

Derek Spronck - RBC

Jeff Silber - BMO Capital Markets

Tyler Brown - Raymond James

Michael Feniger - Bank of America

Operator

Ladies and gentlemen, thank you for standing by, and welcome to the Third Quarter 2019 Earnings Release Conference Call. [Operator Instructions]

I would now like to hand the conference over to your speaker today, speaker Ed Egl, Senior Director of Investor Relations. Please go ahead, sir.

Ed Egl

Thank you, Nora [Ph]. Good morning, everyone, and thank you for joining us for our third quarter 2019 earnings conference call. With me this morning are Jim Fish, President and Chief Executive Officer; John Morris, Executive Vice President and Chief Operating Officer; and Devina Rankin, Senior Vice President and Chief Financial Officer.

You'll hear prepared comments from each of them today. Jim will cover high-level financials and provide a strategic update, John will cover an operating overview, and Devina will cover the details of the financials.

Before we get started, please note that we have filed a Form 8-K this morning that includes the earnings press release and is available on our website at www.wm.com. The Form 8-K, the press release and the schedules to the press release include important information.

During the call, you will hear forward-looking statements which are based on current expectations, projections or opinions about future periods. Such statements are subject to risks and uncertainties that could cause actual results to differ materially.

Some of these risks and uncertainties are discussed in today's press release and in our filings with the SEC, including our most recent Form 10-K and subsequent Form 10-Qs. Jim and John will discuss our results in the areas of yield and volume, which unless otherwise stated are more specifically references to internal revenue growth or IRG from yield or volume. All third quarter volume results discussed are on a workday adjusted basis.

During the call, Jim and Devina will discuss our earnings per diluted share, which they may refer to as EPS or earnings per share. And they'll also address operating EBITDA, which is income from operations before depreciation and amortization. Jim and Devina will also be discussing the planned acquisition of Advanced Disposal Services which they may refer to as Advanced or ADS.

Any comparison unless otherwise stated will be with the third quarter of 2018. Net income, EPS, operating EBITDA and SG&A expense results have been adjusted and projected 2019 measures are anticipated to be adjusted to enhance comparability by excluding certain items that management believes do not reflect our fundamental business performance or results of operations including costs incurred in connection with the pending acquisition of ADS and our related reduction of common stock repurchases from planned levels.

These adjusted measures in addition to free cash flow are non-GAAP measures. Please refer to the earnings press release tables which can be found on the company's website at www.wm.com for reconciliations to the most comparable GAAP measure, and additional information about use of non-GAAP measures and non-GAAP projections.

This call is being recorded and will be available 24 hours a day beginning approximately 1:00 p.m. Eastern Time today until 5:00 p.m. Eastern Time on November 6. To hear a replay of the call over the Internet, access the Waste Management website at www.wm.com. To hear a telephonic replay of the call, dial 855-859-2056 and enter reservation code 2572365. Time-sensitive information provided during today's call, which is occurring on October 23, 2019 may no longer be accurate at the time of a replay. Any redistribution, retransmission or rebroadcast of this call in any form without the express written consent of Waste Management is prohibited.

Now I'll turn the call over to Waste Management's President and CEO, Jim Fish.

James Fish

Thanks, Ed, and thank you for joining us. In the third quarter, the fundamental strength of our collection and disposal business continue to drive positive results for the Company, confirming that focusing on our employees and customers and leveraging our asset network is the right strategy. In the third quarter, we generated more than 5% organic revenue in our collection and disposal business with yield of 2.6% and volume of 2.7%.

And we had a strong core price of 5.3%, which translated into total Company operating EBITDA of more than $1.14 billion, an increase of more than 3% from the third quarter of 2018. We also saw operating EBITDA margin expand 50 basis points in the collection and disposal business, which translated into operating cash growing almost 9%.

As we reflect on the year so far and develop our plans for next year, a couple of trends are starting to come to light in particularly in our collection and disposal business. Our results across the solid waste business have been strong through the first nine months of the year. But they've been particularly strong in our lines of business that are driven by the consumer portion of the economy, commercial collection and MSW landfill volumes.

We have good visibility into these segments of our business and all indicators are pointing to continued strength. When we look at the portion of our business, driven by the industrial segment of the economy, namely special waste, we continue to see growth, however, the pace of growth is starting to moderate.

We're starting to see generators take a more cautious approach to awarding new work. We still see our special waste pipeline is strong and we're in a solid position to capitalize on these jobs, as they occur based on the long-term relationships we built with our large industrial customers and the strength of our asset network.

Overall, our collection and disposal business has performed exceptionally well in 2019 overcoming headwinds in our commodity-sensitive businesses, recycling and renewable energy. The results in our commodity-sensitive businesses, which make up less than 10% of our total revenue, have been below our expectations. We've discussed all year the historically low recycling commodity prices, but we've also seen a negative $18 million impact in our operating EBITDA plan through the first nine months of the year related to renewable and natural gas credits.

We remain convinced that our strategy to close the loop between our landfill gas and CNG fleet is the right strategy and is an important piece of our commitment to drive sustainability within our operations. The good news is that the steps we're taking to transform the recycling business with restructured fee-based contracts and investments in technology will insulate the business from commodity price swings and we're starting to see results. We saw a 320-basis point improvement in contamination rates at our single-stream MRFs in the third quarter.

On the technology front, we began running test material through our MRF of the future and are encouraged by the results. At multiple other facilities, we're testing robotics, advanced optical sorting technology, and improving the screening processes. We continue to expect a meaningful operating cost savings from these advancements in technology, while also creating the best quality material for sale through positive sorting processes.

Finally, I'd like to provide an update on the progress we're making toward the ADS acquisition. As we mentioned last quarter, we continue to make progress toward closing this transaction and we remain on track to complete the acquisition during the first quarter of 2020. As you might imagine, we received a high level of interest from other companies inquiring any potential businesses we might be required to divest. Our integration team continues to position us to successfully integrate ADS upon close.

Overall, we're pleased with our performance in the first three quarters of the year, which positions us to achieve our full-year goals. The general macro economy seems to be stable as indicated by our strong price and volume growth with consumer spending steady, while the industrial segment seems to be taking more of a wait and see approach.

The overall investment theme for Waste Management remains one where our solid waste business continues to produce excellent results and overcomes challenges in our commodity-based businesses. This is best demonstrated by our 7.8% year-over-year operating EBITDA growth in our collection and disposal business, and our 8.9% year-over-year growth in our net cash from operations.

These strong results position us to deliver our full-year 2019 results.

In closing, I want to highlight another accomplishment in the quarter that we're particularly proud of. For the second year in a row, we were named as Sector Leader for Commercial Services on the North American and World Dow Jones Sustainability Indices. This distinction is a reflection of our leadership in sustainability and the continued strides we are making in these areas.

And with that, I will turn the call over to John.

John Morris

Thanks, Jim, and good morning. We're pleased with our third quarter performance driven by organic revenue growth of 5.3% in the collection and disposal business. The headline here is at landfill MSW yield in the third quarter was 3.7%, a 250-basis point improvement over last year. And if you look at the monthly trend of MSW yield, the highest month in the quarter was September indicating continued momentum in this area. This has been a focus area for us and we've made good progress in 2019 with year-to-date MSW yield of 3.6% compared to 2.2% for the full-year 2018.

This step change increase in pricing helps to overcome rising operating costs and generate appropriate returns on our high quality capital intensive post collection assets. We saw commercial volume growth of 3.2% for the quarter and continued MSW volume growth of 1.9%. We also continue to see service increases outpace service decreases in the third quarter and net new business remained positive, all evidence of a healthy consumer economy.

We've heard from some of our industrial customers that they lack visibility to commit to some event work, however, special waste volume growth of 4% in the third quarter is still healthy growth, especially given the tough comparisons from last year. C&D volume growth of 13.6% was largely driven by fire cleanup activities in California, which wrapped up in August.

Looking at the recycling business, our blended average commodity price in the third quarter was just under $40 per ton, a decline of 40% compared to last year and further 8% decline from the 10-year low reached in the second quarter, which led to an $86 million decline in our recycling revenue.

Despite this precipitous drop, the steps we're taking to improve the recycling business held year-over-year decline to operating EBITDA to $7 million and EPS decline to about $0.01. In past years, an $86 million decline in revenue would have represented about an $0.08 to $0.10 decline in EPS. Mitigating this larger impact demonstrates the success we're having in restructuring contracts and assessing fees for contamination.

Given our outlook for continued depressed prices in the fourth quarter, we continue to expect that full-year results for recycling will be a $0.01 to $0.02 EPS headwind in 2019 compared to 2018.

Turning to operating expenses, in the third quarter, total operating costs as a percentage of revenue were 61.5%, a 50-basis point improvement over last year's adjusted results, as our operations continue to improve their efficiency and manage their spending as volumes increase.

We are pleased with the improvements that we're seeing in operating costs, particularly with the strong volume growth that we're experiencing. We've been able to manage our labor costs through improved efficiency, and in areas where we have implemented our maintenance service delivery optimization program, metrics are improving. While we are seeing increases in the costs to serve our customers, we are focused both on managing these costs and recovering increases through pricing opportunities.

Through the first nine months of the year, our operations have performed well and we expect that they will continue that momentum through the rest of the year and into 2020.

I'll now turn the call over to Devina to discuss our third quarter financial results in more detail.

A - Devina Rankin

Thanks, John, and good morning, everyone. As Jim and John discussed, the strong performance in our collection and disposal business again translated into solid operating EBITDA growth. As we have seen all year, strong operating EBITDA growth combined with our disciplined focus on improving working capital have produced robust cash from operations.

In the third quarter, our cash flow from operations grew about 9% to $952 million. Year-to-date, cash from operations as a percentage of revenue has improved 60 basis points to 24.6%. The strong cash flow from operations growth we have seen all year has positioned us to proactively increase our capital expenditures from planned level. During the third quarter, we spent $483 million on capital expenditures, compared to $404 million in the third quarter of 2018.

In 2019, we are benefiting from lower cash taxes for three reasons. First, our recently closed investment in low-income housing properties and resulting federal credits. Second, benefits related to financing activities we completed last quarter. And third, additional benefits resulting from the filing of our federal income tax return. We are very intentionally investing these cash tax savings in our landfills, fleet and recycling business. We accelerated capital spending in the first nine months of the year to position our landfills to respond to the higher-than-anticipated volume growth we have been seeing.

We also made deliberate investments in our fleet, bringing the percentage of garbage trucks running on natural gas to about 60% and increasing the number of automated side-loaders in the fleet by about 9%. In addition, as we completed design and construction of our MRF of the future, we've invested capital in a facility that we think will become the gold standard for sorting and processing technology. As a result of these intentional capital investments, we now expect full-year capital expenditures to be above our guidance of $1.75 billion.

As Jim mentioned, we've invested in our renewable energy business to close the loop between our landfill gas and CNG fleet. Our capital expenditure guidance excluded the potential increase in renewable energy capital given the uncertain timing of the potential investments. Because pricing for RINs declined significantly in 2019, we didn't make as large as an investment as we might have otherwise. Full-year capital spending for renewable energy plants is expected to be between $35 million and $40 million for the year.

Moving to free cash flow. Third quarter free cash flow was $478 million, and year-to-date, our business has generated $1.349 billion in free cash flow. Despite the elevated capital spending during the first nine months of the year, we expect to achieve full-year free cash flow of between $2.025 billion and $2.075 billion, as our rate of capital spending moderates and we realize much of the cash tax benefit that I mentioned earlier.

In the third quarter, we used our free cash flow to pay $218 million in dividends and for $76 million in solid waste tuck-in acquisitions. Year-to-date, our acquisitions excluding the pending acquisition of Advanced Disposal totals to more than $500 million.

As we have previously discussed, given the pending acquisition of ADS, we have suspended our normal course share repurchases, other than to offset dilution from equity compensation plans. The share buybacks that we executed during the first half of the year were sufficient to offset dilution, and so we have not repurchased any additional shares since the end of our second quarter. There was a $0.02 impact to EPS in the first nine months of the year from our reduced level of share repurchases compared to guidance, and we expect to see some impact in the fourth quarter. These amounts are adjusted from our results.

Our effective tax rate for the third quarter of 2019 was 19.4%. The rate is lower than previously communicated due to tax credits generated from the recently closed low-income housing transaction and benefits resulting from the filing of our federal income tax return, which is typically recognized in the third quarter. We now expect our adjusted full-year 2019 tax rate to be about 22%.

Our debt-to-EBITDA ratio, measured based on our bank covenants, was about 3.1 times at the end of the quarter. The sequential increase in this measure from the end of the second quarter is related to additional debt financing we executed in the quarter to position us to fund the ADS acquisition. While the measure is trending higher as we approach the closing of ADS, it is within our targeted levels. This is particularly impressive given that the measure does not yet have the benefit of ADS EBITDA. Our strong balance sheet continues to afford us the financial flexibility to pursue strategic acquisitions at the right price.

Turning to SG&A, for the third quarter, our SG&A costs as a percentage of revenue were 9.7%, an increase over 2018, primarily due to the planned investments we are making in technology. Year-to-date, SG&A as a percentage of revenue is 10.1%, on track to achieve our SG&A spending as a percentage of revenue guidance of about 10%.

We're proud of the results we've generated in the first three quarters of the year as we are positioned to achieve our full-year goals. I want to thank all members of the Waste Management team. I know they are hard at work on continuing to deliver fantastic results in the fourth quarter and preparing for a great 2020.

With that, Nora, let's open the line for questions.

Question-and-Answer Session

Operator

[Operator Instructions] Your first question comes from the line of Brian Maguire, Goldman Sachs.

Brian Maguire

Just wanted to understand the gas credit headwind a little bit more, I think you called out, it's a $0.03 to $0.04 headwind for the full year. So I translate that back to about $17 million to $22 million of EBITDA, maybe if you can just kind of confirm that. And then I think you mentioned maybe $8 million of it was in 3Q. I think you said $18 million was maybe the year-to-date impact. So just wondering if you can kind of confirm that. And then should we be thinking about a similar impact to 2020 or will this kind of largely be contained to a 2019 issue?

James Fish

Brian. Good morning. Look, we really didn't talk about it in the first quarter or the first six months really because it was $4 million. So it wasn't really worth discussion. You're right, it was $8 million in Q3, we expect it to be another $8 million and we're talking to EBITDA here in Q4.

It's -- interestingly, it's something that we -- that's been part of our business for a long time, we've turned landfill gas energy for forever, mostly it's been in the form of electricity, we do have, just to give a little context here, 13 of these RNG plants that are owned by third parties and then we have three of our own, soon to be four, we're building a fourth. We don't have any additional plans to build further plants, but it strategically makes a lot of sense for us to do it because our fleet has gone from 40% CNG to 60% CNG in two years.

Regarding your question about what the expectation is for this in 2020, I would tell you that the front half of the year may see some challenges just on a year-over-year comparative basis, but it's awfully hard to really say with any kind of definitiveness here because as you probably know these RINs credits are bit of a political football and they've been getting kicked around quite a bit this year. So here's what I would tell you, I think we are much closer to the bottom than we are to the top. I mean when we -- these plants have really good returns and then we started building them, we were kind of right in the middle of where RINs credits had been, somewhere in that high of $3 and we were kind of in that $1.85 at the beginning of this year.

They dipped down to $0.50, maybe a little bit below $0.50 in August and then they've come back a bit to I think $0.8250 was the last number I saw. So they are very volatile and so it's a bit hard to say what next year looks like. If I had to guess, I would tell you it's going to be a little bit of a tough comparison in Q1 and Q2 and then it gets quite a bit easier in Q3 and Q4. We'll know more as we get to February and we'll give guidance on that. Hopefully, we're in a position where we don't have to talk about it anymore, because it becomes non-material, it's not really material even with $8 million, but it's just something we felt like it was worth calling out.

Devina Rankin

I do want to clarify really quickly, because you did mention the $18 million that we referred to in Jim's prepared remarks and that was relative to our plan, where when he spoke to the $4 million that we experienced in the first half of the year, combined with that $8 million in Q3, that was relative to prior year. So relative to plan, we expect this to be a headwind in the neighborhood of $25 million to $30 million that’s relative to prior year. That's more in that $17 million to $22 million range that you referenced.

Brian Maguire

Okay, that's very clear. Makes sense. And just given all that, it's obviously impressive we're able to reiterate the guidance range for the year, but would it -- I know you don't give quarterly guidance per se, but just, would it be right to think about, we're now probably moving into the lower end of that range?

James Fish

I think we're comfortable saying we're just going to be within the range. And we've looked at this 15 different ways and feel like it has -- we have the opportunity to finish in the middle of the range, we could finish in the low end and if things really went right, particularly with special waste, we could actually finish at the higher end of the range. So that's why we didn't change, where we were going to finish, we just felt like we were comfortable with the range that we had given originally.

Brian Maguire

Okay, great. And just last one for me before I hand it off. Just comment on the industrial and special waste volumes selling down a little bit, I guess that makes sense given the macro news. Could you just kind of remind us your exposure there as a percentage of kind of overall volumes? And is there a potential for that to drive overall volume to a negative number next year at this point? Or are you still kind of thinking preliminarily that volume will be up a little bit next year?

John Morris

So, Brian, this is John Morris. What I would tell you was as we've looked at quarter-over-quarter over the last handful years going backwards and we've had quarters that were negative and there were some that have been positive double-digit. And we think a 4% special waste volume in Q4 on tough comps, we still feel good about that performance.

There are certainly some puts and takes there. We don't need to go in on a detail, but what I would tell you is our pipelines are still healthy, and as Jim and I both commented, there is a little bit of a lack of visibility with some of our industrial customers. But again, we feel confident about what our pipeline is and where our volumes are through nine months of the year.

James Fish

Yes, I mean historically that 4% kind of -- It's a number that moves all over the page. I mean -- when you look back 12 quarters or 16 quarters, when we've had some, a couple of quarters that were as low as negative 3% and we've had a couple of quarters that were as high as 18%. So it's a number that bounces around a lot. But with 4%, as John said, pretty -- still pretty healthy, all things considered.

Devina Rankin

And then one thing that I would point to on your point of relative contribution, as you look at collection revenue, our collection revenue for the quarter was $2.6 billion, industrial specifically was $766 million on the collection side and the part that we see variability in is a fraction of that closer to more than 10% to 20% of industrial on the collection line of business.

Brian Maguire

Okay, that really helps, I appreciate it.

Operator

Your next question comes from the line of Sean Eastman, KeyBanc Capital.

Q - Sean Eastman

Thanks team. I guess the first one, I just wanted to understand kind of this dynamic where with the CapEx come in higher than expected in 3Q, it does make sense that the strong volume growth needs to be matched with some capital investment, but given just kind of a lighter special waste visibility commentary alongside that, I'm wondering if -- I'm just wondering how things are shaping up relative to the kind of 2% volume trajectory that's built into the longer term target. Whether we're looking higher than that or below that at this point?

Devina Rankin

Sure. So I think the best indicator of volume expectations versus where we actually ended up, we started the year expecting volume to be around 2% for the enterprise and instead we've through nine months produced 3.8% volume growth in collection and disposal, and in the current quarter, that was 2.7%. And so that really is the primary driver of the capital expenditure acceleration that you've seen in 2019, particularly in the landfill line of business. Landfill volumes are up in the current quarter 3.1% and 5.6% -- I'm sorry, 7.4% for the year-to-date period. So when we look at capital expenditures and what has driven our very proactive and intentional investments, it's been driven by the landfill line of business, where that volume growth has exceeded our expectations.

Q - Sean Eastman

Okay, thanks. And I might have missed this, but I'm not sure I totally understand why recycling was worse than expected in 3Q just given that the underlying commodity basket seemed to have been fairly stable during the quarter. Just trying to understand the moving parts there.

John Morris

I think, Sean, this is John Morris. I mean, the prices were down sequentially quarter-over-quarter by 40%, I think was $86 million of price-related revenue decline, and EBITDA, and that was only down $7 million. So we feel like that was a victory. We've done a lot to improve quality. Our residual percentage, as Jim mentioned in his comments, is down over 300 basis points is the combination of educating our customers and doing a better job in the plan of controlling -- control and quality. So we see that as a victory it was $86 million, and as I said in my comments, in the old model, that could have been $0.08 to $0.10 of a headwind, and instead, it was $0.01. So we view that as a positive.

James Fish

When we started the year, Sean, I mean we were at kind of $65 on a weighted average commodity price basis and we thought we could expected to stay flat there because that was half of what it'd been the previous year. It obviously was not to stay flat. So in Q3, as John said, it was down again not only year-over-year, but sequentially was down to $38 which is, that's our weighted average number. So it's not a number you'd find anywhere, but still gone from $65 to $38 and showing really only $7 million of decline was we thought, as John said, a win for us in terms of our mitigation efforts.

Q - Sean Eastman

Okay, thanks. I appreciate the responses, I'll turn it over.

James Fish

Thanks.

Operator

Another question from the line of Noah Kaye, Oppenheimer.

Q - Noah Kaye

Thanks very much. Just to pick it up there, to manage the recycling headwind there, it does appear pretty impressive, especially considering, I think you lapped the implementation of the contamination fees this quarter. So I guess what I want to understand is, first, does the contamination fees cover all of your third-party contracted volumes or can you do more there? And then as you alluded to in your prepared remarks, how large of a lever do you see some of these technology investments and improving processing costs to improve EBITDA in the recycling line?

James Fish

So I'll start with the last part first, Noah. I think when you look at some of the investments we're making in Chicago and we're making around the rest of the assets around robotics, I mean, we could see in Chicago, in particular we commented the operating cost, in particular, labor could come down as much as 40% and I think in terms of the first part of your question, I mean, yes, we have lapped the implementation of our battle against contamination and some of the other fees that we're assessing. But again, as evidenced by our results here in the third quarter, even though, commodity prices continue to decline, we've been really successful in our view at closing the gap to what otherwise would have been like I said earlier, $0.08 to $0.10 headwinds on an EPS level.

Q - Noah Kaye

And so part of that improvement is that now that your contamination is lower, you're getting a higher quality bail, and so you're just getting more value on a relative basis, on what you're seeing coming into the MRFs. Is that a fair way to put it?

John Morris

As I mentioned, we've done a nice job of holding kind of our gross operating cost per ton flat and we're improving residual, which means we have more -- have more efficiency going through the plant and it also speaks to the education process and that we're improving the quality coming in the front of the facility as well.

Devina Rankin

I would add that while we have anniversaried the more significant steps to roll out the program, we are not at 100% run rate and so some of what you saw in the third quarter was continued execution on that plan and then applying it to more of our customer base. So there was some benefit, a step change in the benefit for the battle against contamination and fee-based program.

Q - Noah Kaye

Okay. Maybe just to add one more question, you had a very tough comp this quarter on volume and you still got this volume growth, the comps get tougher next quarter, as you mentioned, you're lapping the California wildfire, a couple other special items, can you maybe just talk directionally, I know it's short term, but how we should think about the fourth quarter volume cadence?

James Fish

Yes, I mean, when we look at our volume and we occasionally talk about what we're seeing in the current months, it looks -- it's very early in the current fourth quarter, but still looks reasonably good, looks similar to what we've seen in Q3, which is, as we said in our scripts, strong on those consumer-driven volumes which are commercial and MSW and then not as strong on the industrial side.

I think the big story here is honestly in this report is less about volume because volume is reasonably consistent for us. It's less about volume, it's more about price and it's more about disposal pricing, I mean, you look at MSW and transfer station and that's an area that we've talked a lot about, and you guys have asked like questions which is okay, yes, so you guys talk about it, but when is it -- when are we going to see the results? I think three consecutive quarters now of MSW yield above 3% and growing right?

I mean, MSW yield this quarter 3.7%, it was 3.6%, last quarter 3.4%, and then honestly, when I looked back trying to find a number that was above 3.7%, I could not find one for 10 years. I don't know how far back it goes before since we last had a 3.7% MSW yield, but I can tell you it wasn't after 2009. All the other books in my cabinet have been shredded, I think so. The 3.7% MSW yield is the big number really.

The volume number there approaching -- it's kind of 1.9%, approaching 2%, there was a little bit of volume that we moved out to a third party. Some of that will come back to us. If you back to that in, we would have been around 2% in MSW volume, but again, the big news in this report is really about disposal pricing -- transfer station pricing was 3.3%, that's on top of 3.4% last quarter.

And then if you, again, similar to MSW, you look back before that, there is not a number on the page in terms of transfer station yield that's approaching those numbers. So, I feel good about the volume. But what really gives me real cause for optimism going into 2020 is the fact that we seem to be getting our sea legs in terms of disposal pricing and that is a big, big change from where we've been over the last decade.

Q - Noah Kaye

Yes. Much appreciated and I will leave my colleagues to follow up on the pricing front, but well done there.

James Fish

All right, thanks.

Operator

Another question from Michael Hoffman, Stifel.

Michael Hoffman

So, you almost stole my thunder because I was going to say why are we focusing so much time on volume and let's talk about price. So can we talk about core price by line of business. You talk about that occasionally, industrial, commercial, residential, landfill.

James Fish

Yes, I mean, look, I think core price and John can tack on here, core price was very strong. I think the core price number for commercial is 6.6% --

Devina Rankin

5.7%.

James Fish

5.7%, okay.

Devina Rankin

So commercial core price was 5.7%, industrial was approaching 10%, and residential, which we talked a lot about internally is 4.5% for the quarter, which is a really good indication of our efforts to continue to price that part of our business effectively, which has certainly been a challenge in the past because of the indexing to CPI that we often talk about, but so you see real traction in each of the collection lines of business to price above and beyond cost inflation.

John Morris

And Michael, this is John. I would add one thing obviously we commented in the prepared remarks about what's happened with margin expansion in the collection and disposal business, but I would point you to the residential line when you see core price for the quarter at 4.5%, 4.6% year-to-date, and yield numbers in residential at 3.2% and 3.4% for the quarter and year-to-date. Those are numbers that we've been focused on. We've clearly had challenges moving that in the past, but when you talk about. I know we're going to get into prior question around CPI and the mix of how we're -- what rate mechanism we're using. To me, that's a real good bellwether of the progress we're making in residential in terms of changing that model.

James Fish

Yes, I think -- I think, Michael, I mean I know you've still on time with John. John has a lot of things on his plate as Chief Operating Officer. But one thing that he has really focused on is residential and so he is -- should be credited for a lot of work well done on that residential line of business, which has been a tough line of business for us over the last five years or six years. And we're, again, when you look at price, I think you're right, yes, we can talk about volume all day long, but -- and volume is okay, it's fine, it's -- as we said, but prices is the news here and I didn't say anything about residential price. The boy -- he's right about that. That is a really good story for us on the residential pricing in addition to what we talked about on the disposal side.

Michael Hoffman

Well, in your internal costs, some inflation is still running somewhere between 2.5 and 3 net of productivity. So there is -- there is proof of the operating leverage, and the one number you didn't give me is the landfill core price, but that's proofs of the operating leverage.

Devina Rankin

Landfill core price was 4% in the quarter, transfer station, it was 3.1%, going to Jim's comments earlier about disposal pricing really being a bright spot for us in the quarter.

Michael Hoffman

Right. And so, Jim you've talked about in the past 16 of the 20 largest MSAs big landfills, they're full every day, when you -- and you see volume going by and when you think about that book alone, what's the visibility on how many more years you could be doing this pretty well on the pricing at the disposal because there's volumes going by you that it allows you to keep pricing until you finally produce your own volume?

James Fish

I think it will be well outside of my career, and I'm not prepared to say what my career is going to be here, but it will be -- look I -- we're excited about core price for landfill and that's 5.7% range and yields for MSW at 3.7% in the numbers we talked about. But I would tell you this, as you just said, we have great assets here and there is no reason to expect that

is not something where I look at it go, okay, yes good core price for three quarters, but this thing ends in Q2 of next year. No, I think this thing can go on for a long time driving, and by the way, it's not like we're, I'm not expecting to get calling from a Senate subcommittee anytime and be asked why are you drawing 15% on your landfills, it's 3.7% MSW. So it's not -- it's not obscene at all, it's just really going to recovering cost and hopefully adding a little bit of margin expansion.

John Morris

If I would add one thing, Micheal, one thing that we all pay particular attention to, Jim mentioned it, I mentioned it, it's not just the landfills, it's the network and the performance of our transfer stations improving is also another indicator of how well that network is performing.

Michael Hoffman

Well, it's an extension to the gate. So by definition, it ought to be in line. If it's not, then you're giving it away at one end and trying to make it up the other?

John Morris

Exactly right, which is what we're not trying to do.

Michael Hoffman

Yes, don't subsidize the competitor. So let's try and put volume to bed once. You all have a asset mix and geographic concentration that would lend itself to consistently producing a good volume number relative to a comparison, because of the nature of that mix. Do you want to sort of refresh us on that and why we got to remember that and then put it in the context of volume your asset mix is positioned to naturally capture what you should get and you're well positioned to do a little bit better than the average?

Devina Rankin

Yes, I would say that what we can talk about and you've hit on it with the 16 of 20 largest MSAs having the best-placed assets in those markets. What that's about is being well placed in markets that we see growth. And so at Waste Management, we focus extensively on not just leveraging the best asset network in the business today, but thinking about how we will be positioned to leverage that asset network over the long term. And where, when you look at the North American economy, we see urbanization as a trend and one that is benefiting those well-placed assets.

John Morris

Yes. One thing I would add to that Michael is that we talked a lot about the investment we're making in digital and the digital team has done a great job. And the reason we're doing this is to differentiate ourselves. So we obviously feel differentiated with our asset network, we wanted to add a second form of differentiation which is bringing a different digital approach to our customers, both internal and external customers. There would be couple of examples here. We rolled out on open market residential tool probably a year or so ago and now 40% of all of our new open market residential customers are going through that tool. It's been very well received. The feedback from our customer base has been excellent.

We think that 40% number will eventually go to a much higher number in fact, it will -- in short order, I think it will be the majority, meaning over 50% of those customers that come in, will go directly through that new customer-facing digital application. The commercial tool, which rolled out only a couple of months ago, has certainly a much lower number than that 40%, but it is growing at a fast pace.

In fact, the last number that I heard was that we -- that that number is tripling. So we think that in addition to having a really good, in fact, best-in-class network of assets, we are rightly spending dollars in the digital space to differentiate ourselves. So differentiation will not just be in terms of asset location, but it will be in terms of customer-facing technology.

Michael Hoffman

Okay. Devina, on the capital spending, cash flow and all of that, can I wrap a ribbon around -- you said we would be higher than $1.75 billion, but you didn't say what that number should be for us to model for the remainder of the year. So what should we be thinking about full-year capital spending and can you do 24% of revenues, as cash flow from ops in the fourth quarter?

Devina Rankin

Sure. So I'll take the capital spending piece first. And if you look at capital spending through nine months, we are at $1.532 billion. So rounding out the back part of the year, we think that will be around $1.8 billion. We've provided a range in our press release tables that shows $1.775 billion to $1.825 billion as kind of an indication of where we think we will end up. From a cash flow from operations perspective, that really is one of the best indicators of how we're performing and conversion of revenue to cash from ops is certainly a strength and we are up 60 basis points through nine months. I expect you'll see us finish strong, and right now, every indication is 24.6% would effectively, if we rounded out there, that's a 70-basis point improvement for the full year.

Michael Hoffman

Okay. And to do that, you just have to do 24% in the fourth quarter, to just to be clear, I mean it doesn't have to improve from here. It just has to hold at the 24%?

Devina Rankin

That's right.

Michael Hoffman

Right. Okay. And then churn in the quarter. How was it compared to year-over-year and sequentially?

Devina Rankin

Churn it was 9.8% in the quarter, that's a little higher than we've been both year-over-year and sequentially. That is driven by national accounts and losses that we were very intentional and disciplined about ensuring that we were pricing business that was renewing appropriately and we're satisfied that non-renewals on those contracts was the right decision for us because it didn't reflect pricing that was representative of our costs.

John Morris

I would say -- year-to-date, that number is better by about 20 basis points, Michael.

Michael Hoffman

Okay, perfect. All right, thank you so much.

James Fish

Thank you.

Operator

Your next question comes from the line of Mark Neville, Scotiabank.

Mark Neville

Maybe if I can just ask pricing sort of another way, you're obviously seeing very good pricing sort of across the network, but perhaps maybe Industrials, maybe you're not seeing it, but maybe it's slowing a bit, maybe something that the macro could be slowing, but you're doing -- making investments in the business. So I'm just curious when you look at 2020, I mean you've got good visibility, but I'm just curious if the bias you think is higher or lower from 2018 or 2019 -- sorry?

James Fish

And you're talking about specifically around industrial -- the industrial side of business with respect to pricing, is that right Mark?

Mark Neville

Yes, industrial -- the other parts of the business as well. industrial and consolidated.

James Fish

So let's tackle industrial first. I mean, core price of industrial was really strong, I mean, almost 10%, 9.9%, and that translated into strong yield as well of 3.8%. So that's for that line of business specifically and then volume in industrial was maybe a little bit weaker than we might have expected. It was 1.2%. That's not -- it's not anything to be here's a concern about, but it certainly is not off the charts, I mean if you look back historically at industrial volume, and by the way, that industrial we think of as roll off, I mean it's called industrial, it's a little bit misleading, because that's not necessarily all industrial type customers.

It's the roll-off line of business, with 1.2% volume, there was nothing to write home about but not anything super concerning, it was on top of sequentially 1.2% last quarter, 3.1%, 0.09%. So it's not on track with where we've been for the last three quarters or four quarters in terms of volume, but again, the price side has been what's the big news for us and it's almost every line of business, whether it's commercial, and if I walk you down the core price numbers, they are impressive, 5.7%, for commercial, 9.9%, for industrial, 4.5%, and we've talked about all these numbers today. So, all of them show that we still have a really good pricing power. A lot of it is in the differentiation that we talked about whether it is in our asset network or whether it's in the digital or whether it's on the focus on the customer.

I mean, it's the third thing that we -- that we really are doing differently from two years or three years ago where we're really, really over-focused on the customers. So I would tell you that -- that's the health of the business is, as we said, still very good. And what we hear every day in the news is that the consumer economy is 70% of the overall, it's probably a like percentage for us. So 70% of our overall business feels really good from both a price and volume standpoint, the other 30% feels still very good. But just a bit of a wait and see mode in some cases with respect to this event type work. Hopefully that answers your question.

Mark Neville

Yes. That's helpful. Maybe on the recycling, just want to understand the guide. I believe it's sort of consistent with what you said Q2. So it's not incrementally the $0.01, $0.02, so that would suggest, I guess Q4 the headwind is about $0.03 year-over-year, if I'm interpreting that correctly?

Devina Rankin

So yes, the benefit in the first half of the year was $17 million, and in Q3, It was a negative $7 million, so that implies that we think we've got about $0.02 worth of exposure in the back half, $0.02 to $0.03 effectively to get you to the full-year guide of #0.01 to $0.02.

Mark Neville

All right. And I guess, similar to the RIN discussions, first half of next year is tough comps. So, a bit of an impact first half next year as well?

Devina Rankin

That's exactly right.

James Fish

Yes. It's hard -- it's too hard to predict that. I mean, I mean -- it literally is -- it's gone from $0.50 to $0.82 in period of two months. So that kind of is the mirror effect from the first six months where we were -- we took a big slide. So to the extent that this continues to get knocked around politically, then we don't expect much, but we do expect that there probably will be some resolution on this either as we approach or after the election.

So yes, I would say it's probably safe to say on RIN pricing that the first two quarters are going to be a difficult comparison, and then it gets much easier as we get into the back half of 2020.

Mark Neville

All right. Maybe just one last one then, so on the Advanced acquisition, is there any sort of milestones or anything we can be looking at for the next few months sort of ahead of the Q1?

John Morris

Yes, Mark, this is John Morris. I mean honestly similar to comments in the last quarter, I mean we continue to work down the path with the regulators and we remain on track and feel good about our timing for Q1 of 2020. There is nothing that we've seen to-date that would cause us to amend that timeline, but I know we still feel good about the track line for Q1. I think in terms of your asking about a milestone, really the next significant milestone is to get -- is to clear HSR and that's what we're working toward right now.

Mark Neville

Got it. All right, thank you very much.

John Morris

Thank you.

Operator

Another question from the line of Derek Spronck, RBC.

Derek Spronck

Thank you for taking my questions. Just quickly on the coal ash, any updates on the coal ash opportunity and any changes in the EPA regulation there?

James Fish

Look. I would tell you that this is something we've talked about in the past. It looks like a great opportunity for us. We've got several -- John talked about our special waste pipeline and that is included in our special waste pipeline. I mean there is -- we've managed I think 33 [Ph] million tons of CCRs for our electric utility customers. And so I think -- but we see this as a big opportunity for us.

We talked a couple of years ago that Duke Energy is being one of our customers, and I think that ramped up earlier this year, but we still -- I think we have, John, a couple of RPs [Ph] out there that, but I think we're still in a wait and see mode on and whether those are kind of get -- kind of fall in the same bucket as our other special waste type customers where they are in a wait and see mode, I don't know because some of those particularly by states are almost a requirements in terms of getting those ponds cleaned out.

So I don't know that those are going to be as discretionary as some of our other special waste volume, but suffice it to say we feel like we're well positioned, whether it's beneficial reuse, whether it's management and disposal or just straight disposal at our landfills to take advantage of CCRs.

John Morris

I think that's right. We offer a full suite of services for those customers. And that's certainly why we've been able to gain some of the traction we have to-date.

Derek Spronck

Okay, that's great. Just moving on to the cost side, I mean we've seen tight labor markets. We've also seen some unionized disruptions at some of the peer firms there. What is the labor inflation looking like? And are you comfortable with the overall ability to attract employees into the firm?

John Morris

Sure, Derek, this is John. A couple of answers here. One, we've talked a lot about turnover and the impact that that's had on the operation and our efforts around furthering our people first efforts. The good news is we are starting to see some turnover moderate. Wage inflation is still higher than the average for overall inflation. But the good news is, we're starting to see a little bit of moderation there.

I wouldn't say it's not gone down significantly, but it's flattening out and starting to regress in certain markets, which we're encouraged by. The fact that we're not turning over as many people obviously helps as well. I think on the collective bargaining front, thankfully, I mean we don't want to see any disruption in the industry, thankfully for us, we're not in the middle of any of those issues right now.

James Fish

I would say one other thing, because this is such an important topic to now, when we think about people, I mean I've talked a lot about it and it is the -- really the core tenet of my kind of CEO-ship, if you will. So we set out three years ago to really change the culture here, we hired Tamla Oates-Forney about a year ago, maybe a little less, as a true world-class leader in HR. She is -- has been running hard in the last 10 months or 11 months really changing, helping me change the culture and helping us transform this, and we -- and she's doing some really innovative things along with her team.

So we're super excited about the people side of our business, and while that doesn't necessarily show results on a kind of a quarter basis, it will absolutely show results as we get out into 2020 and 2021 and beyond.

Derek Spronck

Okay. And just as quickly quantitatively, could we -- did this 10% SG&A costs as a percent of revenue, does that sound about right?

Devina Rankin

Certainly for 2019. It's too early for us to look too far out because we're making those intentional investments both in people, as Jim just commented on, but also in technology, and so not specifically speaking to 2020 at this point, because it's too early for us to give that kind of guidance. So for 2019, we're confirming we expect to hit 10% of -- about 10% of revenue for the year and with commodity price pressure in the current year, that's certainly a little more challenging than we thought it would be when we started the year, but we're certainly happy with the cost control side of the equation.

Derek Spronck

Okay, thanks for the time. I'll turn it over.

James Fish

Thanks Derek.

Operator

Next question comes from the line of Jeff Silber of BMO Capital Markets.

Jeff Silber

Recycling, but I just had a follow-up there. You had mentioned in your remarks about the fact that you've been going back to customers and trying to restructure your contracts with them. Can you give us some sort of order of magnitude what percentage of those contracts you might be restructuring and where you are along on that base? Thanks.

James Fish

Yes, I think the -- a big chunk of the volume that we're addressing through those contracts is franchise and municipal contracts, Jeff, where I think by the end of the year, we should be 55% to 60% through those contracts. I will tell you though what's important to note though more broadly when you talk about Q3's recycling results of $86 million decline and

$7 million of EBITDA, as commodity prices have continued to move, we continue to address the relationship between us and the customers, but specifically to your question, we're about -- we're probably about halfway through most of those franchise and municipal contracts, and as we spoke about in quarters before, those contracts generally run three years to five years, some a little bit longer, some a little bit less. So it does take some time to work our way through those.

Jeff Silber

Okay. I appreciate the color. And I know you're not giving 2020 guidance. But just for our modeling purposes, what should we be using for tax rate next year and also for capital expenditures? Are you going to be within that 9.5% to 10.5% of revenues that you gave your long-term guidance or high end, low end of that, any color would be great. Thanks.

Devina Rankin

Sure. On the tax rate side, this year, we expected to be at 24% and we're finishing the year at about 22%, 1 percentage points of that has to do with the incremental low-income housing tax credit investment that we made. We do have some like amounts that are rolling off in the year ahead.

So I would tell you that we expect next year to be in that 23.5% to 24.5% range. I can't put a fine point on it at this point. But with regards to capital spending, for us, as I mentioned, landfill volume has been the driver of the current year. And while we aren't specifically pointing to expectations for landfill volume in the year ahead, when we look at MSW volumes as a really good indicator of that kind of long-term growth expectation, MSW volumes for the year are at 4.6%. And so while 9.5% to 10.5% would typically reflect our expectations for more like a 2% growth in volume, if we continue to see elevated landfill volumes above that long-term range of 2%, 2.5%, we'll have to consider whether or not 9.5% to 10.5% is representative of what's needed to support the business.

James Fish

I think the good news Devina is in the collection and disposal business, even though the CapEx is no little more intense [indiscernible] we made everybody commented that earlier on.

Jeff Silber

Okay, thanks so much for the additional color. Appreciate it.

James Fish

Thank you.

Operator

Another question from the line of Tyler Brown, Raymond James.

Tyler Brown

Good morning.

James Fish

Good morning, Tyler.

Tyler Brown

Hey Devina. I just want to talk cash taxes real quick, you noted cash taxes are going to be better this year. Wondering if you could give us what the cash tax as a percentage of the books will roughly be this year and how do we think about that next year? Will it creep up?

Devina Rankin

So through nine months, we're at about 73%. I think that we'll finish the year close to the 70%. It will be in that range, 70% to 75%, which is about where we expected when we started the year. So in spite of having a $75 million headwind at the beginning of the year on a year-over-year basis in cash taxes, given some of those benefits I mentioned, we think we'll be able to moderate toward the low end of that range. In the year ahead, we do expect cash taxes as a percentage of book to increase. I don't specifically note to what level at this point.

Tyler Brown

Okay. So a modest headwind. Okay, that's helpful. And then, Jim, just obviously the 3.7% on MSW yield is really positive. But I'm curious, is it being driven by a specific geography or maybe even a few specific landfills or are we talking just really broad-based pricing?

James Fish

I don't think -- pricing, -- I don't think it's driven necessarily by geography, volume, maybe, I mean the volume has been a bit stronger in the South there as you might expect like Florida, Texas, California, but the pricing. I think it's -- it's pretty universal. I think we've done a good job across all of our disposal assets in terms of getting strong price.

Tyler Brown

Okay, that's great. And then just my last one. And John, I hope you can follow me here, but if I was to break your recycling business maybe into two buckets, so basically where you own a MRF and you've got a third-party tipping and then maybe where you're hauling and tipping either at your own or another person's MRF, so maybe think about it those two ways.

So basically, is it the situation that when you're taking in third-party volume into your own MRF, are you guys fully earning an adequate return on that line, and really the pain is in recycling, where you sit in an old contract where you're picking up and hauling and taking it either internally or elsewhere. Is that the right way to think about it?

John Morris

Here's the way I would answer that Tyler is, is there are certain aspects of this recycling issue that have been easier to address. Certainly, the open market commercial customers would be ones that we kind of refer to that as Phase II, Phase I is more about recycling material coming into our MRF where it does get more challenging is where we're taking recycling material to a third party, or where we're to use your phrase stuck in a contract that -- that's what we kind of refer to as Phase III in our plan and to an earlier question, we're about halfway through that process, but that is more of a pain point than the first two areas that I referenced.

Tyler Brown

Okay. So when you --

John Morris

Are you talking about the -- are you talking about basically the processing of our own material at our plants versus third party, is that what you're kind of asking?

Tyler Brown

Yes, I mean, basically, it seems with the processing fees, it's easier if it's coming in from a third party, that's more addressable quickly and believe me, I know all about you're open market because you guys hauled for me and I'm in a resi subscription model and you've changed my bill. So it's -- I see it getting addressed there, but it's right -- [Speech Overlap] Thank you. No but my question is, is it in those where you're in a muni contract, then maybe you can't readdress at the moment and you're bringing it into a third party, or you're bringing it even into your own where you're really feeling the pain and so John when you talk about 50% to 60% or is it that -- is that the entire book or is it just that third phase that you're talking about?

John Morris

It's just third phase Tyler but in your point you've bifurcated that one other time, I mean between we have those contracts we're processing or picking up and processing ourselves. And then we have contracts we're picking up and for whatever the reason we're having somebody else process that. But that is the third phase and that is the one that's obviously got a longer tail on it in terms of working our way through all the contract terms.

Devina Rankin

And to your point about returns. I think what's really important there is it's not just the MRF itself that we're looking for the return on. We're looking at the investment that we make in the truck and the driver in order to provide that. And so it's ensuring that we address that part of the business for the long-term returns and viability of recycling overall to get return is not just on the MRF but on the collection assets as well.

Tyler Brown

Okay, thank you. Thank you for indulging me. I appreciate it.

James Fish

Thanks Tyler.

Operator

And the last -- next question comes from the line of Michael Feniger, Bank of America.

Michael Feniger

Hey, guys. Yes. Thanks for squeezing me in. I know we're coming up on the hour or past it, just I know you mentioned Jim, I think, California, you said it's wrapped up in August, can you just help us on the wildfires and the cleanup in the first nine months, is that -- is that close to like a $0.10 EPS benefit. I'm just trying to gauge how much that helped the last nine months?

James Fish

I don't have the year number that -- the quarter number was a $9 million impact on EBIT and $10.7 million impact on revenues.

Devina Rankin

So from an EBITDA perspective, it was ballpark $40 million for the year.

John Morris

I think what's important there. Michael, this is John, it's -- we've called out the wildfires for sure really unfortunate circumstances that we are obviously helping those folks cleanup, but we kind of look at that, we've commented before, we have kind of those puts and takes in the business, it seems like every year in different geographies. So, it's easy to strip out California, but in fairness, we could go back and look at year-to-date '18 and Q3 in '18, there are some puts and takes there as well. So it is a little bit, it's hard to just say hey, we're going to strip out California from the math but not look at the past year, but as we commented, we really haven't adjusted a lot of that because we look at that is kind of the way the business runs year in and year out. And that's been a historical experience we've had.

Devina Rankin

Well, and to John's point on year in, year out. I do think it's worth commenting that the wildfire impacts did start in 2018 and our fourth quarter of 2018 had about $12 million of wildfire impacts in it. So when you think about the comps that we have in Q4, that's one of the items that we have our eye on.

Michael Feniger

That's helpful. And then can you just, if, can you remind us how much is, do you, how much is CPI, and obviously this year CPI has trended lower. So I know this is more of a mechanical question, I guess, how does that impact the pricing, how do we think about that in the second half of '20?

James Fish

I think CPI was I think was 1.9% for the year and we, our, the economies that we use was projecting kind of about that maybe 2% or 2.1% for next year. So if you look at it very tightly, it could be 10 basis points of help next year, but we're not really, I think we'll probably bake in flat with CPI when we finalize our plan.

Michael Feniger

Fair enough. And then just, just on my last one, just on recycling. I mean obviously that's been asked a lot. I'm just curious if we just take the price of your basket right now as of today and I know there's a lot of moving parts. Just -- just run rate it so we can just clear the deck here like what would the EBITDA and EPS impact be for 2020 given where the basket is right now, if we just run rate it?

Devina Rankin

So I think that the easiest way to think about that Michael is if you look at, as I mentioned earlier, Q1 and Q2 of this year was a $17 million year-over-year benefit and Q3 was a $7 million hit and so if you think about where prices were at the beginning of the year, as Jim mentioned, that kind of that $70, $65 range versus where they are today, I think that's the biggest driver to that variability that I mentioned. So I think you can think of it in terms of aggregating the $17 million as risk and effectively then levelizing the back half of the year. So I would say it's about $20 million of downside running that into the first half of 2020.

Michael Feniger

Very helpful, thank you.

Operator

Okay. It seems there are no further questions over the phone. You may proceed. Thank you.

James Fish

Okay, thanks. Just wanted to do a quick recap here, because we're really proud of the numbers that in an economy that don't know what it is but I've heard it could be as low as 1.5% GDP for the quarter, maybe 2%. Just to kind of recap some numbers, we talked about 9% cash from operations growth, almost 8% collection and disposal EBITDA growth, revenue growth, top line of 3.8%, that includes an $86 million headwind from recycling on the revenue side, and then overall EBITDA growth of 3.1% and then all the price stuff that we talked about and here's where I want to give the credit for this.

We got 45,000 employees out there that work really, really hard every day, since said that if you're an investor, you should own a trash company and [indiscernible], I could not agree more with that and I think the big reason for that is that no one in this industry works harder than the employees at Waste Management and I would tell you that, look, as an industry, not just at Waste Management, as an industry, this is such a hard working industry, it makes me proud to be here. So with that, I would tell you that [indiscernible] need to work harder than I, but thank you very much for joining us.

Operator

Ladies and gentlemen, this concludes today's conference call. Thank you for participating. You may now disconnect.