

Heritage-Crystal Clean, Inc.
Form 10-Q
July 26, 2017

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 June 17, 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 001-33987

HERITAGE-CRYSTAL CLEAN, INC.
(Exact name of registrant as specified in its charter)

Delaware 26-0351454
State or other jurisdiction of (I.R.S. Employer
Incorporation Identification No.)

2175 Point Boulevard
Suite 375
Elgin, IL 60123
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (847) 836-5670

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

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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 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 (Do not check if a smaller reporting company) 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 Exchange Act).
Yes No

On July 24, 2017, there were outstanding 22,614,700 shares of Common Stock, \$0.01 par value, of Heritage-Crystal Clean, Inc.

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PART I

ITEM 1. FINANCIAL STATEMENTS

Heritage-Crystal Clean, Inc.
Condensed Consolidated Balance Sheets
(In Thousands, Except Share and Par Value Amounts)

	June 17, 2017	December 31, 2016
	(unaudited)	
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 25,242	\$ 36,610
Accounts receivable - net	44,343	47,533
Inventory - net	18,862	18,558
Other current assets	6,448	6,094
Total Current Assets	94,895	108,795
Property, plant and equipment - net	129,540	131,175
Equipment at customers - net	23,117	23,033
Software and intangible assets - net	18,344	19,821
Goodwill	31,573	31,483
Total Assets	\$ 297,469	\$ 314,307
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 28,861	\$ 30,984
Current maturities of long-term debt	—	6,936
Accrued salaries, wages, and benefits	5,177	6,312
Taxes payable	7,474	6,729
Other current liabilities	2,237	3,245
Total Current Liabilities	43,749	54,206
Long-term debt, less current maturities	28,582	56,518
Deferred income taxes	10,821	5,314
Total Liabilities	\$ 83,152	\$ 116,038
STOCKHOLDERS' EQUITY:		
Common stock - 26,000,000 shares authorized at \$0.01 par value, 22,604,189 and 22,300,007 shares issued and outstanding at June 17, 2017 and December 31, 2016, respectively	\$ 226	\$ 223
Additional paid-in capital	188,642	185,099
Retained earnings	24,934	12,227
Total Heritage-Crystal Clean, Inc. Stockholders' Equity	213,802	197,549
Noncontrolling interest	515	720
Total Equity	\$ 214,317	\$ 198,269
Total Liabilities and Stockholders' Equity	\$ 297,469	\$ 314,307

See accompanying notes to financial statements.

Heritage-Crystal Clean, Inc.
Condensed Consolidated Statements of Income
(In Thousands, Except per Share Amounts)
(Unaudited)

	Second Quarter Ended,		First Half Ended,	
	June 17, 2017	June 18, 2016	June 17, 2017	June 18, 2016
Revenues				
Product revenues	\$31,832	\$24,695	\$58,812	\$48,399
Service revenues	54,550	55,857	108,023	110,606
Total revenues	\$86,382	\$80,552	\$166,835	\$159,005
Operating expenses				
Operating costs	\$63,270	\$61,711	\$124,560	\$125,959
Selling, general, and administrative expenses	10,575	11,521	22,916	23,729
Depreciation and amortization	4,184	4,118	8,316	8,246
Other (income) - net	(3,027)	(142)	(8,033)	(201)
Operating income	11,380	3,344	19,076	1,272
Interest expense – net				