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Heritage-Crystal Clean, Inc.
Form 10-Q
July 26, 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 June 16, 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 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 Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated

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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 23, 2018, there were outstanding 23,048,501 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 16, 2018	December 30, 2017
	(unaudited)	
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 41,831	\$ 41,889
Accounts receivable - net	53,907	45,491
Inventory - net	26,931	21,639
Other current assets	5,040	5,895
Total Current Assets	127,709	114,914
Property, plant and equipment - net	131,555	128,119
Equipment at customers - net	23,851	23,312
Software and intangible assets - net	15,905	16,732
Goodwill	34,125	31,580
Total Assets	\$ 333,145	\$ 314,657
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 35,166	\$ 25,568
Contract liabilities - net	208	—
Accrued salaries, wages, and benefits	4,181	6,386
Taxes payable	6,475	5,787
Other current liabilities	4,521	2,690
Total Current Liabilities	50,551	40,431
Long-term debt	28,884	28,744
Deferred income taxes	11,260	9,556
Total Liabilities	\$ 90,695	\$ 78,731
STOCKHOLDERS' EQUITY:		
Common stock - 26,000,000 shares authorized at \$0.01 par value, 23,042,972 and 22,891,674 shares issued and outstanding at June 16, 2018 and December 30, 2017, respectively	\$ 230	\$ 229
Additional paid-in capital	194,774	193,640
Retained earnings	46,970	41,359
Total Heritage-Crystal Clean, Inc. Stockholders' Equity	241,974	235,228
Noncontrolling interest	476	698
Total Equity	\$ 242,450	\$ 235,926
Total Liabilities and Stockholders' Equity	\$ 333,145	\$ 314,657

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 16, 2018	June 17, 2017	June 16, 2018	June 17, 2017
Revenues				
Product revenues	\$40,289	\$31,832	\$69,299	\$58,812
Service revenues	60,014	54,550	114,151	108,023
Total revenues	\$100,303	\$86,382	\$183,450	\$166,835
Operating expenses				
Operating costs	\$76,272	\$63,270	\$144,658	\$124,560
Selling, general, and administrative expenses	11,522	10,575	22,544	22,916
Depreciation and amortization	3,659	4,184	7,302	8,316
Other expense (income) - net	341	(3,027)	729	(8,033)
Operating income	8,509	11,380	8,217	19,076
Interest expense – net	240			