

Heritage-Crystal Clean, Inc.  
Form 10-Q  
May 03, 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 March 24, 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



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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 May 1, 2018, there were outstanding 23,015,552 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)

	March 24, 2018	December 30, 2017
	(unaudited)	
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 37,557	\$ 41,889
Accounts receivable - net	46,883	45,491
Inventory - net	25,394	21,639
Other current assets	5,122	5,895
Total Current Assets	114,956	114,914
Property, plant and equipment - net	128,504	128,119
Equipment at customers - net	23,473	23,312
Software and intangible assets - net	16,005	16,732
Goodwill	31,580	31,580
Total Assets	\$ 314,518	\$ 314,657
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities:		
Accounts payable	\$ 27,849	\$ 25,568
Contract liabilities - net	237	—
Accrued salaries, wages, and benefits	4,535	6,386
Taxes payable	5,898	5,787
Other current liabilities	2,562	2,690
Total Current Liabilities	41,081	40,431
Long-term debt	28,814	28,744
Deferred income taxes	9,170	9,556
Total Liabilities	\$ 79,065	\$ 78,731
<b>STOCKHOLDERS' EQUITY:</b>		
Common stock - 26,000,000 shares authorized at \$0.01 par value, 23,010,733 and 22,891,674 shares issued and outstanding at March 24, 2018 and December 30, 2017, respectively	\$ 230	\$ 229
Additional paid-in capital	193,536	193,640
Retained earnings	40,971	41,359
Total Heritage-Crystal Clean, Inc. Stockholders' Equity	234,737	235,228
Noncontrolling interest	716	698
Total Equity	\$ 235,453	\$ 235,926
Total Liabilities and Stockholders' Equity	\$ 314,518	\$ 314,657

See accompanying notes to financial statements.



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

	First Quarter Ended, March 24, March 25, 2018      2017	
Revenues		
Product revenues	\$29,010	\$26,980
Service revenues	54,137	53,473
Total revenues	\$83,147	\$80,453
Operating expenses		
Operating costs	\$68,386	\$61,290
Selling, general, and administrative expenses	11,022	12,341
Depreciation and amortization	3,643	4,132
Other expense (income) - net	389	(5,006 )
Operating (loss) income	(293 )	7,696
Interest expense – net	245	87
(Loss) income before income taxes	(538 )	7,609
(Benefit from) provision for income taxes	(436 )	2,792
Net (loss) income	(102 )	4,817
Income attributable to noncontrolling interest	18	53
Net (loss) income attributable to Heritage-Crystal Clean, Inc. common stockholders	\$(120 )	\$4,764
Net (loss) income per share: basic	\$(0.01 )	\$0.21
Net (loss) income per share: diluted	\$(0.01 )	\$0.21
Number of weighted average shares outstanding: basic		