

CLEAN HARBORS INC
Form 10-Q
August 03, 2016
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UNITED STATES OF AMERICA
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2016
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 001-34223

CLEAN HARBORS, INC.

(Exact name of registrant as specified in its charter)

Massachusetts

04-2997780

(State or Other Jurisdiction of Incorporation or Organization)

(IRS Employer Identification No.)

42 Longwater Drive, Norwell, MA

02061-9149

(Address of Principal Executive Offices)

(Zip Code)

(781) 792-5000

(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 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 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 filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

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Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock, \$.01 par value	57,495,468
(Class)	(Outstanding as of July 29, 2016)

CLEAN HARBORS, INC.

QUARTERLY REPORT ON FORM 10-Q

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CLEAN HARBORS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(in thousands)

	June 30, 2016	December 31, 2015
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$352,923	\$ 184,708
Accounts receivable, net of allowances aggregating \$28,436 and \$31,426, respectively	503,749	496,004
Unbilled accounts receivable	29,119	25,940
Deferred costs	21,261	18,758
Inventories and supplies	162,404	149,521
Prepaid expenses and other current assets	49,678	46,265
Total current assets	1,119,134	921,196
Property, plant and equipment, net	1,594,987	1,532,467
Other assets:		
Deferred financing costs	1,412	1,847
Goodwill	461,491	453,105
Permits and other intangibles, net	492,224	506,818
Other	23,133	15,995
Total other assets	978,260	977,765
Total assets	\$3,692,381	\$ 3,431,428
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$222,302	\$ 241,183
Deferred revenue	70,263	61,882
Accrued expenses	203,813	193,660
Current portion of closure, post-closure and remedial liabilities	24,043	20,395
Total current liabilities	520,421	517,120
Other liabilities:		
Closure and post-closure liabilities, less current portion of \$8,043 and \$7,229, respectively	51,143	49,020
Remedial liabilities, less current portion of \$16,000 and \$13,166, respectively	114,291	118,826
Long-term obligations	1,631,881	1,382,543
Deferred taxes, unrecognized tax benefits and other long-term liabilities	258,302	267,637
Total other liabilities	2,055,617	1,818,026
Commitments and contingent liabilities (See Note 14)		
Stockholders' equity:		
Common stock, \$.01 par value:		
Authorized 80,000,000; shares issued and outstanding 57,495,095 and 57,593,201 shares, respectively	575	576
Shares held under employee participation plan	(469) (469
Additional paid-in capital	730,709	738,401
Accumulated other comprehensive loss	(210,233) (254,892

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Accumulated earnings	595,761	612,666
Total stockholders' equity	1,116,343	1,096,282
Total liabilities and stockholders' equity	\$3,692,381	\$ 3,431,428

The accompanying notes are an integral part of these unaudited consolidated financial statements.

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CLEAN HARBORS, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands except per share amounts)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2016	2015	2016	2015
Revenues:				
Service revenues	\$584,562	\$801,347	\$1,114,793	\$1,397,677
Product revenues	112,948	134,881	218,800	271,050
Total revenues	697,510	936,228	1,333,593	1,668,727
Cost of revenues (exclusive of items shown separately below)				
Service revenues	388,684	544,870	762,670	961,260
Product revenues	91,318	107,818	181,611	237,935
Total cost of revenues	480,002	652,688	944,281	1,199,195
Selling, general and administrative expenses	107,063	120,418	211,547	228,133
Accretion of environmental liabilities	2,548	2,599	5,053	5,218
Depreciation and amortization	73,393	67,773	142,295	136,129
Goodwill impairment charge	—	31,992	—	31,992
Income from operations	34,504	60,758	30,417	68,060
Other expense	(189)	(660)	(539)	(251)
Interest expense, net of interest income of \$225, \$188, \$375 and \$339, respectively	(21,647)	(19,249)	(40,627)	(38,687)
Income (loss) before provision for income taxes	12,668	40,849	(10,749)	29,122
Provision for income taxes	8,702	30,454	6,156	25,816
Net income (loss)	\$3,966	\$10,395	\$(16,905)	\$3,306
Earnings (loss) per share:				
Basic	\$0.07	\$0.18	\$(0.29)	\$0.06
Diluted	\$0.07	\$0.18	\$(0.29)	\$0.06
Shares used to compute earnings (loss) per share - Basic	57,549	58,590	57,599	58,732
Shares used to compute earnings (loss) per share - Diluted	57,678	58,710	57,599	58,832

The accompanying notes are an integral part of these unaudited consolidated financial statements.

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CLEAN HARBORS, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Net income (loss)	\$3,966	\$10,395	\$(16,905)	\$3,306
Other comprehensive (loss) income:				
Foreign currency translation adjustments	(1,178)	12,231	44,659	(65,172)
Other comprehensive (loss) income	(1,178)	12,231	44,659	(65,172)
Comprehensive income (loss)	\$2,788	\$22,626	\$27,754	\$(61,866)

The accompanying notes are an integral part of these unaudited consolidated financial statements.

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CLEAN HARBORS, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	Six Months Ended	
	June 30,	
	2016	2015
Cash flows from operating activities:		
Net (loss) income	\$(16,905)	\$3,306
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	142,295	136,129
Goodwill impairment charge	—	31,992
Allowance for doubtful accounts	3,228	4,536
Amortization of deferred financing costs and debt discount	1,772	1,639
Accretion of environmental liabilities	5,053	5,218
Changes in environmental liability estimates	(315)	887
Deferred income taxes	(6,521)	(908)
Stock-based compensation	4,739	6,146
Excess tax benefit of stock-based compensation	(2)	(102)
Net tax deficiency on stock based awards	(603)	(72)
Other expense	1,049	251
Environmental expenditures	(6,454)	(11,532)
Changes in assets and liabilities, net of acquisitions		
Accounts receivable and unbilled accounts receivable	993	(133,031)
Inventories and supplies	(1,113)	17,694
Other current assets	(4,789)	(816)
Accounts payable	(8,397)	108,639
Other current and long-term liabilities	6,021	23,839
Net cash from operating activities	120,051	193,815
Cash flows used in investing activities:		
Additions to property, plant and equipment	(123,529)	(124,145)
Proceeds from sales of fixed assets	2,668	2,646
Acquisitions, net of cash acquired	(58,989)	(79,610)
Additions to intangible assets, including costs to obtain or renew permits	(973)	(3,088)
Purchases of available-for-sale securities	(598)	—
Net cash used in investing activities	(181,421)	(204,197)
Cash flows from (used in) financing activities:		
Change in uncashed checks	(11,022)	(22,160)
Proceeds from exercise of stock options	184	397
Issuance of restricted shares, net of shares remitted	(1,879)	(1,837)
Repurchases of common stock	(10,134)	(32,203)
Deferred financing costs paid	(2,614)	—
Payments on capital leases	—	(471)
Excess tax benefit of stock-based compensation	2	102
Issuance of senior secured notes, including premium	250,625	—
Net cash from (used in) financing activities	225,162	(56,172)
Effect of exchange rate change on cash	4,423	(6,704)
Increase (decrease) in cash and cash equivalents	168,215	(73,258)

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Cash and cash equivalents, beginning of period	184,708	246,879
Cash and cash equivalents, end of period	\$352,923	\$173,621
Supplemental information:		
Cash payments for interest and income taxes:		
Interest paid	\$44,275	\$37,411
Income taxes paid	23,872	3,068
Non-cash investing and financing activities:		
Property, plant and equipment accrued	24,187	34,799
Receivable for estimated purchase price adjustment	—	2,518

The accompanying notes are an integral part of these unaudited consolidated financial statements.

CLEAN HARBORS, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(in thousands)

	Common Stock Number of Shares	\$ 0.01 Par Value	Shares Held Under Employee Participation Plan	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Earnings	Total Stockholders' Equity
Balance at January 1, 2016	57,593	\$ 576	\$ (469)	\$ 738,401	\$ (254,892)	\$ 612,666	\$ 1,096,282
Net loss	—	—	—	—	—	(16,905)	(16,905)
Other comprehensive income	—	—	—	—	44,659	—	44,659
Stock-based compensation	—	—	—	4,739	—	—	4,739
Issuance of restricted shares, net of shares remitted	97	1	—	(1,880)	—	—	(1,879)
Repurchases of common stock	(203)	(2)	—	(10,132)	—	—	(10,134)
Exercise of stock options	8	—	—	184	—	—	184
Net tax deficiency on stock based awards	—	—	—	(603)	—	—	(603)
Balance at June 30, 2016	57,495	\$ 575	\$ (469)	\$ 730,709	\$ (210,233)	\$ 595,761	\$ 1,116,343

The accompanying notes are an integral part of these unaudited consolidated financial statements.

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CLEAN HARBORS, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(1) BASIS OF PRESENTATION

The accompanying consolidated interim financial statements are unaudited and include the accounts of Clean Harbors, Inc. and its subsidiaries (collectively, "Clean Harbors," the "Company" or "we") and have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC") and, in the opinion of management, include all adjustments which are of a normal recurring nature, necessary for a fair presentation of the financial position, results of operations, and cash flows for the periods presented. Management has made estimates and assumptions affecting the amounts reported in the Company's consolidated interim financial statements and accompanying footnotes, actual results could differ from those estimates and judgments. The results for interim periods are not necessarily indicative of results for the entire year or any other interim periods. The financial statements presented herein should be read in connection with the financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2015, which includes the audited consolidated balance sheet as of December 31, 2015 from which the one presented herein was derived.

(2) SIGNIFICANT ACCOUNTING POLICIES

The Company's significant accounting policies are described in Note 2, "Significant Accounting Policies," in the Company's Annual Report on Form 10-K for the year ended December 31, 2015. There have been no material changes in these policies or their application.

Recent Accounting Pronouncements

Standards implemented

In February 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") 2015-02, Consolidation (Topic 810). The amendment provides guidance regarding amendments to the consolidation analysis. The adoption of ASU 2015-02 as of January 1, 2016 did not have an impact on the Company's consolidated financial statements.

In September 2015, FASB issued ASU 2015-16, Business Combinations (Topic 805). The amendment provides guidance to simplify the accounting for adjustments made to provisional amounts recognized in a business combination. This amendment eliminates the requirement to retrospectively account for those adjustments. ASU 2015-16 should be applied prospectively to adjustments to provisional amounts that occur after the effective date of this update. The adoption of ASU 2015-16 as of January 1, 2016 did not have an impact on the Company's consolidated financial statements.

Standards to be implemented

The Company is currently evaluating the impact that the below standards to be implemented will have on the Company's consolidated financial statements.

In February 2016, FASB issued ASU 2016-02, Leases (Topic 842). The amendment increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. ASU 2016-02 should be applied using a modified retrospective approach and early adoption is permitted. The amendments in this update are effective for annual reporting periods (including interim reporting periods within those periods) beginning after December 15, 2018.

In March 2016, FASB issued ASU 2016-08, Revenue from Contracts with Customers (Topic 606). ASU 2016-08 reduces the potential for diversity in practice arising from inconsistent application of the principal versus agent guidance, as well as the cost and complexity of applying Topic 606 both at transition and on an ongoing basis. The effective date and transition requirements for the amendments in this update are the same as the effective date and transition requirements of Update 2014-09, Revenue from Contracts with Customers (Topic 606).

In March 2016, FASB issued ASU 2016-09, Compensation - Stock Compensation (Topic 718). The amendment simplifies several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities and classification on the statement of cash flows. ASU 2016-09 allows for retrospective or prospective application and early adoption is permitted. The amendments in this update are effective for annual reporting periods (including interim reporting periods within those periods) beginning after December 15, 2016.

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In April 2016, FASB issued ASU 2016-10, Revenue from Contracts with Customers (Topic 606). ASU 2016-10 reduces the potential for diversity in initial application, as well as the cost and complexity of applying Topic 606 both at transition and on an ongoing basis. The effective date and transition requirements for the amendments in this update are the same as the effective date and transition requirements of Update 2014-09, Revenue from Contracts with Customers (Topic 606).

In May 2016, FASB issued ASU 2016-12, Revenue from Contracts with Customers (Topic 606). ASU 2016-12 provided narrow scope improvements and practical expedients on assessing collectability, presentation of sales taxes, noncash consideration, and completed contracts and contract modifications at transition. The effective date and transition requirements for the amendments in this update are the same as the effective date and transition requirements of Update 2014-09, Revenue from Contracts with Customers (Topic 606).

(3) BUSINESS COMBINATIONS**2016 Acquisitions**

During the first six months of 2016, the Company acquired (i) an oil re-refinery facility located in Nevada from Vertex Energy, Inc. and (ii) a blending and packaging company with operations located in New Orleans and Toronto, Canada. The combined purchase price for the two acquisitions was approximately \$59.0 million in cash, subject to customary post-closing adjustments. The acquisitions expand the Company's re-refinery network and blending and packaging capabilities within its Kleen Performance Products segment. The combined amount of revenue from the acquisitions included in the Company's results of operations for each of the three and six months ended June 30, 2016 was approximately \$12.1 million, respectively. During the three and six months ended June 30, 2016, the Company incurred acquisition-related costs of approximately \$0.4 million and \$0.5 million, respectively, in connection with the transactions which are included in selling, general and administrative expenses in the consolidated statements of income. Results of the acquired companies or assets are included within the Kleen Performance Products segment.

The allocation of the purchase price was based on preliminary estimates of the fair value of assets acquired and liabilities assumed as of the acquisition dates. Given the recent timing of these transactions the Company is continuing to obtain information to complete its valuation of these accounts and the associated tax accounting. The components and preliminary allocation of the purchase price consist of the following amounts (in thousands):

	At Acquisition Dates	Measurement Period Adjustments	At Acquisition Dates As Reported June 30, 2016
Accounts receivable	\$ 9,186	\$ —	\$ 9,186
Inventories and supplies	9,431	—	9,431
Prepaid and other current assets	433	—	433
Property, plant and equipment	45,781	(1,477)	44,304
Permits and other intangibles	1,205	900	2,105
Current liabilities	(7,119)	—	(7,119)
Deferred taxes, unrecognized tax benefits and other long-term liabilities	(548)	—	(548)
Total identifiable net assets	58,369	(577)	57,792
Goodwill	620	577	1,197
Total	\$ 58,989	\$ —	\$ 58,989

Pro forma revenue and earnings amounts on a combined basis as if these acquisitions had been completed on January 1, 2015 are immaterial to the consolidated financial statements of the Company since that date.

2015 Acquisitions

Thermo Fluids Inc.

On April 11, 2015, the Company completed the acquisition of Heckmann Environmental Services, Inc. (“HES”) and Thermo Fluids Inc. (“TFI”), a wholly-owned subsidiary of HES. The acquisition was accomplished through a purchase by Safety-Kleen, Inc., a wholly-owned subsidiary of the Company, of all of the issued and outstanding shares of HES from Nuverra Environmental Solutions, Inc. HES is a holding company that does not conduct any operations. TFI provides environmental services, including used oil recycling, used oil filter recycling, antifreeze products, parts washers and solvent recycling, and industrial waste

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management services, including vacuum services, remediation, lab pack and hazardous waste management. The Company acquired TFI for a purchase price of \$79.3 million. The acquisition was financed with cash on hand and expands the Company's environmental services customer base while also complimenting the SK Environmental Services network and presence in the western United States. Results of TFI since acquisition have been included within the SK Environmental Services segment.

The allocation of the purchase price was based on estimates of the fair value of assets acquired and liabilities assumed as of April 11, 2015. The Company believes that such information provides a reasonable basis for estimating the fair values of assets acquired and liabilities assumed. The Company has finalized the purchase accounting for the acquisition of TFI.

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at April 11, 2015 (in thousands):

	Preliminary Allocations	Measurement Period Adjustments	Final Allocations
Accounts receivable	\$ 7,109	\$ 192	\$ 7,301
Inventories and supplies	1,791	—	1,791
Prepaid and other current assets	1,749	(1,084)	665
Property, plant and equipment	30,468	(2,827)	27,641
Permits and other intangibles	20,000	(1,900)	18,100
Current liabilities	(5,859)	(25)	(5,884)
Closure and post-closure liabilities	(1,676)	(657)	(2,333)
Deferred taxes, unrecognized tax benefits and other long-term liabilities	(13,081)	3,907	(9,174)
Total identifiable net assets	40,501	(2,394)	38,107
Goodwill	36,591	4,638	41,229
Total	\$ 77,092	\$ 2,244	\$ 79,336

Pro forma revenue and earnings amounts on a combined basis as if TFI had been acquired on January 1, 2015 are immaterial to the consolidated financial statements of the Company since that date.

Other 2015 Acquisition

In December 2015, the Company acquired certain assets and assumed certain defined liabilities of a privately owned company for approximately \$14.7 million in cash. That company specializes in the collection and recycling of used oil filters and was a service provider to the SK Environmental Services segment prior to the acquisition. The acquired assets have been integrated into the SK Environmental Services segment. In connection with this acquisition a preliminary goodwill amount of \$7.4 million was recognized.

(4) INVENTORIES AND SUPPLIES

Inventories and supplies consisted of the following (in thousands):

	June 30, 2016	December 31, 2015
Oil and oil products	\$46,671	\$ 33,603
Supplies and drums	78,168	78,132
Solvent and solutions	8,756	8,868
Modular camp accommodations	15,298	15,126
Other	13,511	13,792
Total inventories and supplies	\$ 162,404	\$ 149,521

As of June 30, 2016 and December 31, 2015, other inventories consisted primarily of cleaning fluids, such as absorbents and wipers, and automotive fluids, such as windshield washer fluid and antifreeze.

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(5) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following (in thousands):

	June 30, 2016	December 31, 2015
Land	\$104,533	\$ 100,582
Asset retirement costs (non-landfill)	12,187	12,434
Landfill assets	144,540	136,624
Buildings and improvements	354,470	344,209
Camp equipment	158,394	149,361
Vehicles	538,170	500,619
Equipment	1,414,946	1,328,915
Furniture and fixtures	5,528	5,337
Construction in progress	146,199	113,657
	2,878,967	2,691,738
Less - accumulated depreciation and amortization	1,283,980	1,159,271
Total property, plant and equipment, net	\$1,594,987	\$ 1,532,467

Interest in the amount of \$1.3 million and \$2.5 million was capitalized to fixed assets during the three and six months ended June 30, 2016, respectively. Interest in the amount of \$0.4 million and \$0.6 million was capitalized to fixed assets during the three and six months ended June 30, 2015, respectively. Depreciation expense, inclusive of landfill amortization was \$63.5 million and \$122.8 million for the three and six months ended June 30, 2016, respectively. Depreciation expense, inclusive of landfill amortization was \$58.9 million and \$116.3 million for the three and six months ended June 30, 2015, respectively.

(6) GOODWILL AND OTHER INTANGIBLE ASSETS

The changes in goodwill for the six months ended June 30, 2016 were as follows (in thousands):

	Technical Services	Industrial & Field Services	Kleen Performance Products	SK Environmental Services	Lodging Services	Oil and Gas Field Services	Totals
Balance at January 1, 2016	\$49,267	\$105,286	\$ 49,755	\$ 216,589	\$ 32,208	\$	-\$453,105
Acquired from acquisitions	—	—	1,197	—	—	—	1,197
Measurement period adjustment from prior acquisitions	—	—	—	2,095	—	—	2,095
Foreign currency translation and other	(579)	1,319	157	2,140	2,057	—	5,094
Balance at June 30, 2016	\$48,688	\$106,605	\$ 51,109	\$ 220,824	\$ 34,265	\$	-\$461,491

The Company assesses goodwill for impairment on an annual basis as of December 31, or at an interim date when events or changes in the business environment would more likely than not reduce the fair value of a reporting unit below its carrying value. The Company conducted the annual impairment test of goodwill for all reporting units as of December 31, 2015 and determined that no adjustment to the carrying value of goodwill for any reporting units was necessary because the fair value of each of the reporting units exceeded that reporting unit's respective carrying value. The Company's next annual impairment assessment will be performed as of December 31, 2016 unless indicators arise that would require the Company to re-evaluate at an earlier date.

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As of June 30, 2016 and December 31, 2015, the Company's finite-lived and indefinite-lived intangible assets consisted of the following (in thousands):

	June 30, 2016				December 31, 2015			
	Cost	Accumulated Amortization	Net	Weighted Average Remaining Amortization Period (in years)	Cost	Accumulated Amortization	Net	Weighted Average Remaining Amortization Period (in years)
Permits	\$ 162,611	\$ 64,533	\$ 98,078	20.7	\$ 161,396	\$ 61,142	\$ 100,254	19.0
Customer and supplier relationships	379,236	115,500	263,736	9.5	374,866	99,463	275,403	10.1
Other intangible assets	33,984	26,517	7,467	1.2	31,416	22,581	8,835	1.5
Total amortizable permits and other intangible assets	575,831	206,550	369,281	9.3	567,678	183,186	384,492	10.0
Trademarks and trade names	122,943	—	122,943	Indefinite	122,326	—	122,326	Indefinite
Total permits and other intangible assets	\$ 698,774	\$ 206,550	\$ 492,224		\$ 690,004	\$ 183,186	\$ 506,818	

Amortization expense of permits and other intangible assets was \$9.9 million and \$19.5 million for the three and six months ended June 30, 2016, respectively. Amortization expense of permits and other intangible assets was \$8.8 million and \$19.8 million for the three and six months ended June 30, 2015, respectively.

The expected amortization of the net carrying amount of finite-lived intangible assets at June 30, 2016 was as follows (in thousands):

Years Ending December 31,	Expected Amortization
2016 (six months)	\$ 19,941
2017	35,033
2018	31,795
2019	28,897
2020	26,277
Thereafter	227,338
	\$ 369,281

(7) ACCRUED EXPENSES

Accrued expenses consisted of the following at June 30, 2016 and December 31, 2015 (in thousands):

	June 30, 2016	December 31, 2015
Insurance	\$ 57,273	\$ 55,899
Interest	21,587	20,500
Accrued compensation and benefits	50,275	35,646
Income, real estate, sales and other taxes	39,623	37,095
Other	35,055	44,520
	\$ 203,813	\$ 193,660

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The changes to closure and post-closure liabilities (also referred to as “asset retirement obligations”) from January 1, 2016 through June 30, 2016 were as follows (in thousands):

	Landfill Retirement Liability	Non-Landfill Retirement Liability	Total
Balance at January 1, 2016	\$ 32,023	\$ 24,226	\$ 56,249
Adjustments during the measurement period related to acquisitions	—	657	657
New asset retirement obligations	1,263	—	1,263
Accretion	1,384	1,150	2,534
Changes in estimates recorded to statement of operations	(597)	(91)	(688)
Expenditures	(475)	(570)	(1,045)
Currency translation and other	152	64	216
Balance at June 30, 2016	\$ 33,750	\$ 25,436	\$ 59,186

All of the landfill facilities included in the above were active as of June 30, 2016. There were no significant charges (benefits) in 2016 resulting from changes in estimates for closure and post-closure liabilities.

New asset retirement obligations incurred during the first six months of 2016 were discounted at the credit-adjusted risk-free rate of 6.23%.

(9) REMEDIAL LIABILITIES

The changes to remedial liabilities for the six months ended June 30, 2016 were as follows (in thousands):

	Remedial Liabilities for Landfill Sites	Remedial Liabilities for Inactive Sites	Remedial Liabilities (Including Superfund) for Non-Landfill Operations	Total
Balance at January 1, 2016	\$ 2,327	\$ 63,613	\$ 66,052	\$ 131,992
Accretion	54	1,364	1,101	2,519
Changes in estimates recorded to statement of operations	70	(116)	419	373
Expenditures	(61)	(2,092)	(3,256)	(5,409)
Currency translation and other	—	52	764	816
Balance at June 30, 2016	\$ 2,390	\$ 62,821	\$ 65,080	\$ 130,291

In the six months ended June 30, 2016 there were no significant charges (benefits) resulting from changes in estimates for remedial liabilities.

(10) FINANCING ARRANGEMENTS

The following table is a summary of the Company’s financing arrangements (in thousands):

	June 30, 2016	December 31, 2015
Senior unsecured notes, at 5.25%, due August 1, 2020 ("2020 Notes")	\$ 800,000	\$ 800,000
Senior unsecured notes, at 5.125%, due June 1, 2021 ("2021 Notes")	845,000	595,000
Long-term obligations, at par	\$ 1,645,000	\$ 1,395,000
Unamortized debt issuance costs and premium, net	(13,119)	(12,457)
Long-term obligations, at carrying value	\$ 1,631,881	\$ 1,382,543

At June 30, 2016 and December 31, 2015, the fair value of the Company's 2020 Notes was \$819.0 million and \$812.0 million, respectively, based on quoted market prices for the instrument. The fair value of the 2020 Notes is considered a Level 2 measure according to the fair value hierarchy.

On March 14, 2016, the Company issued through a private placement \$250.0 million aggregate principal amount as additional notes under the indenture pursuant to which the Company previously issued on December 7, 2012, through

a private placement \$600.0 million aggregate principal amount of 2021 Notes. Interest payments are paid semi-annually on June 1 and

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December 1 of each year. At June 30, 2016 and December 31, 2015, the fair value of the Company's 2021 Notes was \$859.8 million and \$599.5 million, respectively, based on quoted market prices for the instrument. The fair value of the 2021 Notes is considered a Level 2 measure according to the fair value hierarchy.

The Company also maintains a revolving credit facility which as of June 30, 2016 and December 31, 2015 had no outstanding loan balances. At June 30, 2016, \$190.0 million was available to borrow and outstanding letters of credit were \$140.5 million. At December 31, 2015, \$178.5 million was available to borrow and outstanding letters of credit were \$144.6 million.

The revolving credit facility is guaranteed by all of Clean Harbors, Inc.'s ("Parent's") domestic subsidiaries and secured by substantially all of the Parent's and its domestic subsidiaries' assets. Available credit for Parent and its domestic subsidiaries is limited to 85% of their eligible accounts receivable and 100% of their cash deposited in a controlled account with the agent. Available credit for Parent's Canadian subsidiaries is limited to 85% of their eligible accounts receivable and 100% of their cash deposited in a controlled account with the agent's Canadian affiliate. The obligations of the Canadian subsidiaries under the revolving credit facility are guaranteed by all of Parent's Canadian subsidiaries and secured by the accounts receivable of the Canadian subsidiaries, but the Canadian subsidiaries do not guarantee and are not otherwise responsible for the obligations of Parent or its domestic subsidiaries.

(11) EARNINGS (LOSS) PER SHARE

The following are computations of basic and diluted loss per share (in thousands except for per share amounts):

	Three Months Ended		Six Months Ended	
	June 30, 2016	2015	June 30, 2016	2015
Numerator for basic and diluted earnings per share:				
Net income (loss)	\$ 3,966	\$ 10,395	\$(16,905)	\$3,306
Denominator:				
Basic shares outstanding	57,549	58,590	57,599	58,732
Dilutive effect of equity-based compensation awards	129	120	—	100
Dilutive shares outstanding	57,678	58,710	57,599	58,832
Basic earnings (loss) per share:	\$ 0.07	\$ 0.18	\$(0.29)	\$0.06
Diluted earnings (loss) per share:	\$ 0.07	\$ 0.18	\$(0.29)	\$0.06

For the three months ended June 30, 2016 and 2015, the dilutive effect of all then outstanding options, restricted stock and performance awards is included in the EPS calculations above except for 348,197 and 196,180, respectively, of outstanding performance stock awards for which the performance criteria were not attained at that time and 9,537 and 11,075, respectively, of restricted stock awards which were antidilutive at that time.

As a result of the net loss reported for the six months ended June 30, 2016, all then outstanding stock options, restricted stock awards and performance awards totaling 886,685 were excluded from the calculation of diluted earnings (loss) per share as their inclusion would have an antidilutive effect.

For the six months ended June 30, 2015, the dilutive effect of all then outstanding options, restricted stock and performance awards is included in the EPS calculations above except for 196,180 of outstanding performance stock awards for which the performance criteria were not attained at that time and 38,171 of restricted stock awards which were antidilutive at that time.

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(12) ACCUMULATED OTHER COMPREHENSIVE LOSS

The changes in accumulated other comprehensive loss by component and related tax effects for the six months ended June 30, 2016 were as follows (in thousands):

	Foreign Currency Translation	Unfunded Pension Liability	Total
Balance at January 1, 2016	\$(252,939)	\$(1,953)	\$(254,892)
Other comprehensive income before reclassifications	44,659	—	44,659
Other comprehensive income	\$44,659	\$—	\$44,659
Balance at June 30, 2016	\$(208,280)	\$(1,953)	\$(210,233)

There were no reclassifications out of accumulated other comprehensive loss during the three and six months ended June 30, 2016 and 2015.

(13) STOCK-BASED COMPENSATION

Total stock-based compensation cost charged to selling, general and administrative expenses for the three and six months ended June 30, 2016 was \$2.6 million and \$4.7 million, respectively. Total stock-based compensation cost charged to selling, general and administrative expenses for the three and six months ended June 30, 2015 was \$4.3 million and \$6.1 million, respectively. The total income tax benefit recognized in the consolidated statements of operations from stock-based compensation was \$0.8 million and \$1.4 million for the three and six months ended June 30, 2016, respectively. The total income tax benefit recognized in the consolidated statements of operations from stock-based compensation was \$0.6 million and \$1.1 million for the three and six months ended June 30, 2015, respectively.

Restricted Stock Awards

The following information relates to restricted stock awards that have been granted to employees and directors under the Company's equity incentive plans (the "Plans"). The restricted stock awards are not transferable until vested and the restrictions generally lapse upon the achievement of continued employment over a three-to-five-year period or service as a director until the following annual meeting of shareholders. The fair value of each restricted stock grant is based on the closing price of the Company's common stock on the date of grant and is amortized to expense over its vesting period.

The following table summarizes information about restricted stock awards for the six months ended June 30, 2016:

Restricted Stock	Number of Shares	Weighted Average Grant-Date Fair Value
Balance at January 1, 2016	362,618	\$ 55.79
Granted	299,967	\$ 51.02
Vested	(128,895)	\$ 55.18
Forfeited	(16,785)	\$ 57.22
Balance at June 30, 2016	516,905	\$ 53.12

As of June 30, 2016, there was \$23.2 million of total unrecognized compensation cost arising from restricted stock awards under the Company's Plans. This cost is expected to be recognized over a weighted average period of 3.1 years. The total fair value of restricted stock vested during the three and six months ended June 30, 2016 was \$2.3 million and \$6.1 million, respectively. The total fair value of restricted stock vested during the three and six months ended June 30, 2015 was \$3.0 million and \$6.2 million, respectively.

Performance Stock Awards

The following information relates to performance stock awards that have been granted to employees under the Company's Plans. Performance stock awards are subject to performance criteria established by the compensation committee of the Company's board of directors prior to or at the date of grant. The vesting of the performance stock awards is based on achieving such targets typically based on revenue, Adjusted EBITDA margin, return on invested capital percentage and Total Recordable Incident Rate. In addition, performance stock awards include continued service conditions. The fair value of each performance stock award is based on

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the closing price of the Company's common stock on the date of grant and is amortized to expense over the service period if achievement of performance measures is considered probable.

The following table summarizes information about performance stock awards for the six months ended June 30, 2016:

Performance Stock	Number of Shares	Weighted
		Average Grant-Date Fair Value
Balance at January 1, 2016	187,274	\$ 57.13
Granted	204,602	\$ 54.30
Vested	(8,420)	\$ 61.90
Forfeited	(13,676)	\$ 57.23
Balance at June 30, 2016	369,780	\$ 55.45

As of June 30, 2016, there was \$0.6 million of total unrecognized compensation cost arising from unvested performance stock awards deemed probable of vesting under the Company's Plans. No performance awards vested during the three months ended June 30, 2016. The total fair value of performance awards vested during the six months ended June 30, 2016 was \$0.4 million. The total fair value of performance awards vested during the six months ended June 30, 2015 was \$0.3 million. No performance awards vested during the three months ended June 30, 2015.

Common Stock Repurchases

On March 13, 2015, the Company's board of directors authorized the repurchase of up to \$300 million of the Company's common stock. During the three and six months ended June 30, 2016, the Company repurchased and retired a total of 0.1 million shares and 0.2 million shares, respectively, of the Company's common stock for a total cost of \$5.1 million and \$10.1 million, respectively. During the three and six months ended June 30, 2015, the Company repurchased and retired a total of 0.3 million shares and 0.6 million shares, respectively, of the Company's common stock for a total cost of \$16.1 million and \$32.2 million, respectively. Through June 30, 2016, the Company has repurchased and retired a total of 3.6 million shares of the Company's common stock for a total cost of \$187.8 million under this program. As of June 30, 2016, an additional \$112.2 million remains available for repurchase of shares under the current authorized program.

(14) COMMITMENTS AND CONTINGENCIES

Legal and Administrative Proceedings

The Company and its subsidiaries are subject to legal proceedings and claims arising in the ordinary course of business. Actions filed against the Company arise from commercial and employment-related claims including alleged class actions related to sales practices and wage and hour claims. The plaintiffs in these actions may be seeking damages or injunctive relief or both. These actions are in various jurisdictions and stages of proceedings, and some are covered in part by insurance. In addition, the Company's waste management services operations are regulated by federal, state, provincial and local laws enacted to regulate discharge of materials into the environment, remediation of contaminated soil and groundwater or otherwise protect the environment. This ongoing regulation results in the Company frequently becoming a party to legal or administrative proceedings involving all levels of governmental authorities and other interested parties. The issues involved in such proceedings generally relate to alleged violations of existing permits and licenses or alleged responsibility under federal or state Superfund laws to remediate contamination at properties owned either by the Company or by other parties ("third party sites") to which either the Company or the prior owners of certain of the Company's facilities shipped wastes.

At June 30, 2016 and December 31, 2015, the Company had recorded reserves of \$21.1 million and \$21.9 million, respectively, in the Company's financial statements for actual or probable liabilities related to the legal and administrative proceedings in which the Company was then involved, the principal of which are described below. At June 30, 2016 and December 31, 2015, the Company also believed that it was reasonably possible that the amount of these potential liabilities could be as much as \$1.8 million and \$1.9 million more, respectively. The Company

periodically adjusts the aggregate amount of these reserves when actual or probable liabilities are paid or otherwise discharged, new claims arise, or additional relevant information about existing or probable claims becomes available. As of June 30, 2016 and December 31, 2015, the \$21.1 million and \$21.9 million, respectively, of reserves consisted of (i) \$18.7 million and \$18.9 million, respectively, related to pending legal or administrative proceedings, including Superfund liabilities, which were included in remedial liabilities on the consolidated balance sheets, and (ii) \$2.4 million and \$3.0 million, respectively, primarily related to federal, state and provincial enforcement actions, which were included in accrued expenses on the consolidated balance sheets.

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As of June 30, 2016, the principal legal and administrative proceedings in which the Company was involved, or which had been terminated during 2016, were as follows:

Ville Mercier. In September 2002, the Company acquired the stock of a subsidiary (the "Mercier Subsidiary") which owns a hazardous waste incinerator in Ville Mercier, Quebec (the "Mercier Facility"). The property adjacent to the Mercier Facility, which is also owned by the Mercier Subsidiary, is now contaminated as a result of actions dating back to 1968, when the Government of Quebec issued to a company unrelated to the Mercier Subsidiary two permits to dump organic liquids into lagoons on the property. In 1999, Ville Mercier and three neighboring municipalities filed separate legal proceedings against the Mercier Subsidiary and the Government of Quebec. In 2012, the municipalities amended their existing statement of claim to seek \$2.9 million (Cdn) in general damages and \$10.0 million (Cdn) in punitive damages, plus interest and costs, as well as injunctive relief. Both the Government of Quebec and the Company have filed summary judgment motions against the municipalities. The parties are currently attempting to negotiate a resolution and hearings on the motions have been delayed. In September 2007, the Quebec Minister of Sustainable Development, Environment and Parks issued a Notice pursuant to Section 115.1 of the Environment Quality Act, superseding Notices issued in 1992, which are the subject of the pending litigation. The more recent Notice notifies the Mercier Subsidiary that, if the Mercier Subsidiary does not take certain remedial measures at the site, the Minister intends to undertake those measures at the site and claim direct and indirect costs related to such measures. The Company has accrued for costs expected to be incurred relative to the resolution of this matter and believes this matter will not have a future material effect on its financial position or results of operations.

Safety-Kleen Legal Proceedings. On December 28, 2012, the Company acquired Safety-Kleen, Inc. ("Safety-Kleen") and thereby became subject to the legal proceedings in which Safety-Kleen was a party on that date. In addition to certain Superfund proceedings in which Safety-Kleen has been named as a potentially responsible party as described below under "Superfund Proceedings," the principal such legal proceedings involving Safety-Kleen which were outstanding as of June 30, 2016 were as follows:

Product Liability Cases. Safety-Kleen has been named as a defendant in various lawsuits that are currently pending in various courts and jurisdictions throughout the United States, including approximately 62 proceedings (excluding cases which have been settled but not formally dismissed) as of June 30, 2016, wherein persons claim personal injury resulting from the use of Safety-Kleen's parts cleaning equipment or cleaning products. These proceedings typically involve allegations that the solvent used in Safety-Kleen's parts cleaning equipment contains contaminants and/or that Safety-Kleen's recycling process does not effectively remove the contaminants that become entrained in the solvent during their use. In addition, certain claimants assert that Safety-Kleen failed to warn adequately the product user of potential risks, including an historic failure to warn that solvent contains trace amounts of toxic or hazardous substances such as benzene.

Safety-Kleen maintains insurance that it believes will provide coverage for these product liability claims (over amounts accrued for self-insured retentions and deductibles in certain limited cases), except for punitive damages to the extent not insurable under state law or excluded from insurance coverage. Safety-Kleen also believes that these claims lack merit and has historically vigorously defended, and intends to continue to vigorously defend, itself and the safety of its products against all of these claims. Such matters are subject to many uncertainties and outcomes are not predictable with assurance. Consequently, Safety-Kleen is unable to ascertain the ultimate aggregate amount of monetary liability or financial impact with respect to these matters as of June 30, 2016. From January 1, 2016 to June 30, 2016, 14 product liability claims were settled or dismissed. Due to the nature of these claims and the related insurance, the Company did not incur any expense as Safety-Kleen's insurance provided coverage in full for all such claims. Safety-Kleen may be named in similar, additional lawsuits in the future, including claims for which insurance coverage may not be available.

Superfund Proceedings

The Company has been notified that either the Company (which, since December 28, 2012, includes Safety-Kleen) or the prior owners of certain of the Company's facilities for which the Company may have certain indemnification obligations have been identified as potentially responsible parties ("PRPs") or potential PRPs in connection with 129 sites which are subject to or are proposed to become subject to proceedings under federal or state Superfund laws. Of the 129 sites, two (the Wichita Facility and the BR Facility described below) involve facilities that are now owned by

the Company and 127 involve third party sites to which either the Company or the prior owners of certain of the Company's facilities shipped wastes. Of the 127 third party sites, 32 are now settled, 15 are currently requiring expenditures on remediation and 80 are not currently requiring expenditures on remediation.

In connection with each site, the Company has estimated the extent, if any, to which it may be subject, either directly or as a result of any indemnification obligations, for cleanup and remediation costs, related legal and consulting costs associated with PRP investigations, settlements, and related legal and administrative proceedings. The amount of such actual and potential liability is inherently difficult to estimate because of, among other relevant factors, uncertainties as to the legal liability (if any) of the Company

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or the prior owners of certain of the Company's facilities to contribute a portion of the cleanup costs, the assumptions that must be made in calculating the estimated cost and timing of remediation, the identification of other PRPs and their respective capability and obligation to contribute to remediation efforts, and the existence and legal standing of indemnification agreements (if any) with prior owners, which may either benefit the Company or subject the Company to potential indemnification obligations. In addition to the Wichita Property and the BR Facility described below, Clean Harbors believes its potential liability could exceed \$100,000 at 11 of the 127 third party sites.

Wichita Property. The Company acquired in 2002 as part of the CSD assets a service center located in Wichita, Kansas (the "Wichita Property"). The Wichita Property is one of several properties located within the boundaries of a 1,400 acre state-designated Superfund site in an old industrial section of Wichita known as the North Industrial Corridor Site. Along with numerous other PRPs, the former owner executed a consent decree relating to such site with the U.S. Environmental Protection Agency (the "EPA"), and the Company is continuing an ongoing remediation program for the Wichita Property in accordance with that consent decree. The Company also acquired rights under an indemnification agreement between the former owner and an earlier owner of the Wichita Property. The Company filed suit against the earlier owner in July of 2015 to recover costs incurred during the cleanup of the property.

BR Facility. The Company acquired in 2002 a former hazardous waste incinerator and landfill in Baton Rouge (the "BR Facility"), for which operations had been previously discontinued by the prior owner. In September 2007, the EPA issued a special notice letter to the Company related to the Devil's Swamp Lake Site ("Devil's Swamp") in East Baton Rouge Parish, Louisiana. Devil's Swamp includes a lake located downstream of an outfall ditch where wastewater and stormwater have been discharged, and Devil's Swamp is proposed to be included on the National Priorities List due to the presence of Contaminants of Concern ("COC") cited by the EPA. These COCs include substances of the kind found in wastewater and storm water discharged from the BR Facility in past operations. The EPA originally requested COC generators to submit a good faith offer to conduct a remedial investigation feasibility study directed towards the eventual remediation of the site. The Company is currently performing corrective actions at the BR Facility under an order issued by the Louisiana Department of Environmental Quality, and has begun conducting the remedial investigation and feasibility study under an order issued by the EPA. The Company cannot presently estimate the potential additional liability for the Devil's Swamp cleanup until a final remedy is selected by the EPA.

Third Party Sites. Of the 127 third party sites at which the Company has been notified it is a PRP or potential PRP or may have indemnification obligations, Clean Harbors has an indemnification agreement at 11 of these sites with ChemWaste, a former subsidiary of Waste Management, Inc., and at six additional of these third party sites, Safety-Kleen has a similar indemnification agreement with McKesson Corporation. These agreements indemnify the Company (which now includes Safety-Kleen) with respect to any liability at the 17 sites for waste disposed prior to the Company's (or Safety-Kleen's) acquisition of the former subsidiaries of Waste Management or McKesson which had shipped wastes to those sites. Accordingly, Waste Management or McKesson are paying all costs of defending those subsidiaries in those 17 cases, including legal fees and settlement costs. However, there can be no guarantee that the Company's ultimate liabilities for those sites will not exceed the amount recorded or that indemnities applicable to any of these sites will be available to pay all or a portion of related costs. Except for the indemnification agreements which the Company holds from ChemWaste and McKesson, the Company does not have an indemnity agreement with respect to any of the 127 third party sites discussed above.

Federal, State and Provincial Enforcement Actions

From time to time, the Company pays fines or penalties in regulatory proceedings relating primarily to waste treatment, storage or disposal facilities. As of June 30, 2016 and December 31, 2015, there were four and six proceedings, respectively, for which the Company reasonably believed that the sanctions could equal or exceed \$100,000. The Company believes that the fines or other penalties in these or any of the other regulatory proceedings will, individually or in the aggregate, not have a material effect on its financial condition, results of operations or cash flows.

(15) INCOME TAXES

The Company records a tax provision or benefit on an interim basis using an estimated annual effective tax rate. This rate is applied to the current period ordinary income or loss to determine the income tax provision or benefit allocated

to the interim period. Losses from jurisdictions for which no benefit can be recognized and the income tax effects of unusual or infrequent items are excluded from the estimated annual effective tax rate and are recognized in the impacted interim period. The estimated annual effective tax rate may be significantly impacted by projected earnings mix by tax jurisdiction. Adjustments to the estimated annual effective income tax rate are recognized in the period when such estimates are revised.

The Company's effective tax rate for the three and six months ended June 30, 2016 was 68.7% and (57.3)% compared to 74.6% and 88.6% for the same periods in 2015. The variations in the effective income tax rates for the three and six months ended

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June 30, 2016 as compared to more customary relationships between pre-tax income and the provision for income taxes was primarily due to not recognizing income tax benefits from current operating losses related to certain Canadian entities. Such variations in the three and six month periods ended June 30, 2015 were due to the lack of any tax benefit associated with the goodwill impairment charge recorded in the second quarter of 2015.

As of June 30, 2016 and December 31, 2015, the Company had recorded \$2.1 million of liabilities for unrecognized tax benefits and \$0.4 million of interest, respectively.

Due to expiring statute of limitation periods, the Company believes that total unrecognized tax benefits will decrease by approximately \$0.5 million within the next 12 months. This is the result of a pre-acquisition audit settlement for one of the Company's foreign entities.

(16) SEGMENT REPORTING

Segment reporting is prepared on the same basis that the Company's chief executive officer, who is the Company's chief operating decision maker, manages the business, makes operating decisions and assesses performance. As of June 30, 2016, the Company's operations were managed in six reportable segments based primarily upon the nature of the various operations and services provided: Technical Services, Industrial and Field Services which consists of the Industrial Services and Field Services operating segments, Kleen Performance Products, SK Environmental Services, Lodging Services and Oil and Gas Field Services.

Third party revenue is revenue billed to outside customers by a particular segment. Direct revenue is revenue allocated to the segment providing the product or service. Intersegment revenues represent the sharing of third party revenues among the segments based on products and services provided by each segment as if the products and services were sold directly to the third party. The intersegment revenues are shown net. The negative intersegment revenues are due to more transfers out of customer revenues to other segments than transfers in of customer revenues from other segments. The operations not managed through the Company's six reportable segments are recorded as "Corporate Items." Corporate Items revenues consist of certain operations for which the revenues are insignificant and not allocated to the segments for internal reporting purposes. Corporate Items cost of revenues represents certain central services that are not allocated to the six segments for internal reporting purposes. Corporate Items selling, general and administrative expenses include typical corporate items such as legal, accounting and other items of a general corporate nature that are not allocated to the Company's six reportable segments. Performance of the segments is evaluated on several factors, of which the primary financial measure is "Adjusted EBITDA," which consists of net income (loss) plus accretion of environmental liabilities, depreciation and amortization, net interest expense, provision for income taxes, other non-cash charges not deemed representative of fundamental segment results and excludes other expense. Transactions between the segments are accounted for at the Company's best estimate based on similar transactions with outside customers.

The following table reconciles third party revenues to direct revenues for the three and six months ended June 30, 2016 and 2015 (in thousands):

	For the Three Months Ended June 30, 2016				For the Three Months Ended June 30, 2015			
	Third party revenues	Intersegment revenues, net	Corporate Items, net	Direct revenues	Third party revenues	Intersegment revenues, net	Corporate Items, net	Direct revenues
Technical Services	\$229,130	\$ 35,578	\$ 667	\$265,375	\$248,025	\$ 38,314	\$ 1,083	\$287,422
Industrial and Field Services	153,851	(9,055)	(286)	144,510	353,329	(11,230)	(401)	341,698
Kleen Performance Products	86,711	(7,600)	—	79,111	99,104	(21,428)	(1)	77,675
SK Environmental Services	191,004	(21,492)	1	169,513	175,876	(8,802)	3	167,077
Lodging Services	16,418	137	14	16,569	21,171	992	80	22,243
Oil and Gas Field Services	19,232	2,432	48	21,712	38,617	2,154	40	40,811
Corporate Items	1,164	—	(444)	720	106	—	(804)	(698)
Total	\$697,510	\$ —	\$ —	\$697,510	\$936,228	\$ —	\$ —	\$936,228

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	For the Six Months Ended June 30, 2016				For the Six Months Ended June 30, 2015			
	Third party revenues	Intersegment revenues, net	Corporate Items, net	Direct revenues	Third party revenues	Intersegment revenues, net	Corporate Items, net	Direct revenues
Technical Services	\$448,235	\$ 70,422	\$ 1,055	\$519,712	\$488,350	\$ 73,218	\$ 2,380	\$563,948
Industrial and Field Services	275,428	(16,521)	(303)	258,604	500,197	(17,791)	(323)	482,083
Kleen Performance Products	154,254	(17,007)	(1)	137,246				