



Heritage-Crystal Clean, Inc. Announces 2008 Third Quarter Financial Results

Tuesday October 14, 2008

ELGIN, Ill., October 14, 2008 -- Heritage-Crystal Clean, Inc. (Nasdaq: HCCI), a leading provider of parts cleaning, hazardous and non-hazardous waste services to small and mid-sized customers, today announced results for the third quarter of fiscal year 2008.

Third quarter highlights include:

- Sales increased 22%, to \$25.6 million, compared to \$20.9 million in the third quarter of fiscal 2007. For the first three quarters of fiscal 2008, sales increased 21%, to \$73.4 million, compared to \$60.5 million in the first three quarters of fiscal 2007.
- Same-branch sales growth was 20%, measured for the 47 branches that were in operation throughout both the third fiscal quarters of 2008 and 2007. We currently operate 54 branches, compared to 48 at the end of the third quarter of 2007.
- Average sales per working day increased to approximately \$440,000, compared to \$360,000 in the third quarter of fiscal 2007.
- Pro forma EPS (diluted) increased by 67%, to \$0.15, compared to \$0.09¹ in the third quarter of fiscal 2007.

Mr. Joseph Chalhoub, President and Chief Executive Officer of Heritage-Crystal Clean, Inc. commented, "We are pleased with the strong sales growth we achieved during the quarter. We are also happy with our improved income before taxes, which reached \$2.8 million, an increase of 55% compared to \$1.8 million in the third quarter of 2007."

Mr. Greg Ray, CFO and VP of Business Management, added, "Our improved income was a particularly good result considering that we incurred costs related to being a public company of approximately \$370,000 which among others included Board of Directors compensation and insurance, incremental legal and accounting fees and Sarbanes-Oxley consulting services in the most recent quarter, compared to none in the prior year. During the most recent quarter, we experienced higher costs for energy-related materials such as solvent and vehicle fuel, but this was partially mitigated by improved margins on our reuse solvent, as we sold solvent that had been carried in inventory at historically lower values."

¹ Pro forma EPS is calculated as if we had been a 'C' corporation and reflects a retroactive adjustment as of the beginning of 2007 of weighted average shares outstanding to reflect the reorganization of the company that occurred in connection with our initial public offering.

Safe Harbor Statement

All references to the "Company," "we," "our," and "us" refer to Heritage-Crystal Clean, Inc., and its subsidiaries.

This release contains forward-looking statements that are based upon current management expectations. Generally, the words "aim," "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "project," "should," "will be," "will continue," "will likely result," "would" and similar expressions identify forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause our actual results, performance or achievements or industry results to differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements. These risks, uncertainties and other important factors include, among others: our ability to comply with the extensive environmental, health and safety and employment laws and regulations that our Company is subject to; changes in environmental laws that affect our business model; competition; claims relating to our handling of hazardous substances; the limited demand for our used solvent; our dependency on key employees; our ability to effectively manage our extended network of branch locations; warranty expense and liability claims; personal injury litigation; dependency of suppliers; economic conditions and downturns in the business cycles of automotive repair shops, industrial manufacturing business and small businesses in general; increased solvent, fuel and energy costs; the control of The Heritage Group over our Company; and the risks identified in our filings with the Securities and Exchange Commission, including our Registration Statement on Form S-1 and our other SEC filings. Given these uncertainties, you are cautioned not to place undue reliance on these forward-looking statements. We assume no obligation to update or revise them or provide reasons why actual results may differ. The information in this release should be read in light of such risks and in conjunction with the consolidated financial statements and the notes thereto included elsewhere in this release.

About Heritage-Crystal Clean, Inc.

Heritage-Crystal Clean, Inc. provides parts cleaning, hazardous and non-hazardous waste services to small and mid-sized customers in both the manufacturing and automotive service sectors. Our service programs include parts cleaning, containerized waste management, used oil collection, and vacuum truck services. These services help our customers manage their used chemicals and liquid and solid wastes, while also helping to minimize their regulatory burdens. Our customers include businesses involved in vehicle maintenance operations, such as car dealerships, automotive repair shops, and trucking firms, as well as small manufacturers, such as metal product fabricators and printers. Heritage-Crystal Clean, Inc. is headquartered in Elgin, Illinois, and operates through more than 50 branches serving over 36,000 customer locations.

Conference Call

The Company will host a conference call on Wednesday, October 15, 2008 at 9:30 AM Central Time, during which management will make a brief presentation focusing on the Company's operations and financial results.

Interested parties can listen to the audio webcast available through our company website, www.crystal-clean.com/investor/, and can participate in the call by dialing (719-325-4803).

CONTACT

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Financial Statements

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

	September 6, 2008	December 29, 2007
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 363	\$ 479
Accounts receivable, net of allowance for doubtful accounts of \$849 and \$1,130 at September 6, 2008 and December 29, 2007, respectively	15,516	13,446
Inventory	14,530	10,447
Deferred income taxes	1,163	-
Prepaid and other current assets	1,937	1,208
Total Current Assets	33,509	25,580
Fixed assets, net of accumulated depreciation	20,584	19,420
Deferred offering costs	-	1,276
Deferred income taxes	132	-
Software and intangible assets, net of accumulated amortization	1,956	1,708
Total Assets	\$ 56,181	\$ 47,984
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 7,003	\$ 7,258
Accrued salaries, wages, and benefits	2,172	1,560
Taxes payable	2,115	983
Other accrued expenses	1,249	1,169
Total Current Liabilities	12,539	10,970
Note payable - bank	1,165	22,045
Total Liabilities	13,704	33,015
Redeemable Capital Units	-	2,261
STOCKHOLDERS' EQUITY:		
Preferred members' capital	-	14,704
Common members' capital	-	368
Common stock - 15,000,000 Shares authorized at \$0.01 par value, 10,675,390 shares issued and outstanding at September 6, 2008	107	-
Additional paid-in capital	42,493	-
Accumulated deficit	(123)	(2,364)
Total Stockholders' Equity	\$ 42,477	\$ 12,708
Total Liabilities and Stockholders' Equity	\$ 56,181	\$ 47,984

Heritage-Crystal Clean, Inc.
Consolidated Statements of Operations
(In Thousands, Except Per Share Amounts)
(Unaudited)

	Third Quarter Ended		First Three Quarters Ended	
	September 6, 2008	September 8, 2007	September 6, 2008	September 8, 2007
Sales	\$ 25,646	\$ 20,967	\$ 73,482	\$ 60,541
Cost of sales	6,020	5,480	17,936	15,361
Cost of sales - inventory impairment	-	-	-	2,182
Gross profit	<u>19,626</u>	<u>15,487</u>	<u>55,546</u>	<u>42,998</u>
Operating costs	12,523	10,100	36,640	29,270
Selling, general, and administrative expenses	4,278	3,263	15,042	9,882
Proceeds from contract termination	-	-	-	(3,000)
Operating income	2,825	2,124	3,864	6,846
Interest expense - net	24	314	395	957
Income before income taxes	2,801	1,810	3,469	5,889
Provision for income taxes	1,179	-	3,206	-
Net income	1,622	1,810	263	5,889
Preferred return	-	390	339	1,171
Net income (loss) available to common shareholders	<u>\$ 1,622</u>	<u>\$ 1,420</u>	<u>\$ (76)</u>	<u>\$ 4,718</u>
Net income (loss) per share available to common shareholders: basic	\$ 0.15	\$ 0.20	\$ (0.01)	\$ 0.66
Net income (loss) per share available to common shareholders: diluted	<u>\$ 0.15</u>	<u>\$ 0.20</u>	<u>\$ (0.01)</u>	<u>\$ 0.65</u>
Pro forma data:				
Net income	\$ 1,622	\$ 1,810	\$ 263	\$ 5,889
Pro forma provision for income taxes	-	742	497	2,415
Return on preferred and mandatorily redeemable capital units	-	401	372	1,206
Pro forma net income (loss) available to common members	<u>\$ 1,622</u>	<u>\$ 667</u>	<u>\$ (606)</u>	<u>\$ 2,268</u>
Pro forma net income (loss) per share: basic	\$ 0.15	\$ 0.09	\$ (0.06)	\$ 0.32
Pro forma net income (loss) per share: diluted	<u>\$ 0.15</u>	<u>\$ 0.09</u>	<u>\$ (0.06)</u>	<u>\$ 0.31</u>
Number of weighted average common shares outstanding: basic	10,675	7,182	9,657	7,176
Number of weighted average common shares outstanding: diluted	<u>10,848</u>	<u>7,242</u>	<u>9,657</u>	<u>7,223</u>

Heritage-Crystal Clean, Inc.

Reconciliation of our Net Income Determined in Accordance to GAAP to Earnings Before Interest, Taxes, Depreciation & Amortization (EBITDA)

	Third Quarter Ended (Dollars in thousands)	
	<u>September 6, 2008</u>	<u>September 8, 2007</u>
Net income	\$ 1,622	\$ 1,810 ^(a)
Interest expense - net	24	314
Provision for income taxes	1,179	-
Depreciation and amortization	844	673
EBITDA ^(b)	<u>\$ 3,669</u>	<u>\$ 2,797</u>

(a) For the third quarter ended September 8, 2007, as a limited liability company, we were not subject to federal or state corporate income taxes. Therefore, net income has not given effect to taxes.

(b) EBITDA represents net income before income tax expense, interest income, interest expense, depreciation and amortization. We have presented EBITDA because we consider it an important supplemental measure of our performance and believe it is frequently used by analysts, investors, our lenders and other interested parties in the evaluation of companies in our industry. Management uses EBITDA as a measurement tool for evaluating our actual operating performance compared to budget and prior periods. Other companies in our industry may calculate EBITDA differently than we do. EBITDA is not a measure of performance under GAAP and should not be considered as a substitute for net income prepared in accordance with GAAP. EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- EBITDA does not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments;
- EBITDA does not reflect interest expense or the cash requirements necessary to service interest or principal payments on our debt;
- EBITDA does not reflect tax expense or the cash requirements necessary to pay for tax obligations; and
- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA does not reflect any cash requirements for such replacements.
- We compensate for these limitations by relying primarily on our GAAP results and using EBITDA only as a supplement.