



## Heritage-Crystal Clean, Inc. Announces 2009 Third Quarter Financial Results

ELGIN, Ill., October 20, 2009 -- 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 fiscal quarter of 2009, which ended September 12, 2009.

Third quarter highlights include:

- Average sales per working day in the third quarter of 2009 were approximately \$380,000, the same as the second quarter of fiscal 2009, but down from \$440,000 in the third quarter of fiscal 2008.
- Sales were \$22.3 million, a decline of 13% compared to \$25.6 million in the third quarter of fiscal 2008. Year-to-date sales decreased 7% to \$68.4 million, compared to \$73.5 million in 2008.
- Same-branch sales declined 15%, measured for the 54 branches that were in operation throughout both the third fiscal quarters of 2009 and 2008. On a year-to-date basis, same-branch sales declined 8%.
- EPS (basic and diluted) was \$0.05 compared to \$0.06 in the second quarter of 2009, and compared to \$0.15 in the third quarter of fiscal 2008.

Mr. Joseph Chalhoub, President and Chief Executive Officer of Heritage-Crystal Clean, Inc., commented, "While the third quarter was flat with the second quarter, we are pleased that our average sales per working day stabilized after declining in the prior three quarters. During the third quarter we continued to gain new customers, which helped to offset reduced activity at many of our accounts. We remain optimistic that the Company is well positioned to resume growth in sales and earnings as our customers return to their historic levels of activity."

Mr. Chalhoub added: "As previously announced, during the quarter we began to explore the development of a used oil re-refinery to recycle used motor oil into lubricating oil. We believe that this has the potential to provide an important new growth opportunity for the Company while allowing us to leverage our branch infrastructure."

Mr. Greg Ray, CFO and VP of Business Management, stated, "Our financial performance for the third quarter of 2009 continued to be adversely impacted by lower revenue. However, our efforts to reduce costs resulted in significant reductions in both operating costs and SG&A expenses compared to the year-ago quarter. We continued to generate cash, ending the quarter with no bank debt after paying \$3.5 million to acquire the property we have been occupying as a tenant in Indianapolis."

### 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 including the current recession and financial crisis, and downturns in the business cycles of automotive repair shops, industrial manufacturing business and small businesses in general; increased solvent, fuel and energy costs and volatility in the price of crude oil; the control of The Heritage Group over our Company; and the risks identified in our Annual Report on Form 10-K filed with the SEC on March 30, 2009. 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 58 branches serving over 39,000 customer locations.

### **Conference Call**

The Company will host a conference call on Wednesday October 21, 2009 at 2PM 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/](http://www.crystal-clean.com/investor/), and can participate in the call by dialing (913) 312-9313.

### **CONTACT**

Greg Ray, Chief Financial Officer and VP Business Management, (847) 836-5670

## Financial Statements

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

	September 12, 2009	January 3, 2009
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 1,190	\$ 327
Receivables:		
Trade, net of allowance for doubtful accounts of \$369 and \$616 at September 12, 2009 and January 3, 2009, respectively	12,183	14,040
Trade - affiliates	184	331
Other	133	245
Total receivables	12,500	14,616
Income tax refund	—	480
Inventory – net	9,303	10,609
Deferred tax assets	794	942
Prepaid income taxes	701	901
Prepaid and other current assets	1,811	1,386
<b>Total Current Assets</b>	<b>26,299</b>	<b>29,261</b>
Property, plant and equipment:		
Land	183	—
Buildings and storage tanks	3,615	—
Leasehold improvements	503	758
In-service equipment	27,045	24,634
Machinery, vehicles and equipment	11,705	11,492
Construction in progress	731	427
Total	43,782	37,311
Less: Accumulated depreciation	(18,786)	(16,433)
Net property, plant and equipment	24,996	20,878
Software and intangible assets, net of accumulated amortization of \$1,824 and \$1,524 at September 12, 2009 and January 3, 2009, respectively	2,875	1,877
<b>Total Assets</b>	<b>\$ 54,170</b>	<b>\$ 52,016</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 5,536	\$ 5,227
Accounts payable – affiliates	254	534
Accrued salaries, wages and benefits	2,037	1,920
Taxes payable	1,051	978
Accrued workers compensation	644	526
Other accrued expenses	698	876
<b>Total Current Liabilities</b>	<b>10,220</b>	<b>10,061</b>
Note payable – bank	—	20
Deferred tax liabilities	718	379
<b>Total Liabilities</b>	<b>10,938</b>	<b>10,460</b>
Commitments and contingencies		
<b>STOCKHOLDERS' EQUITY:</b>		
Common stock – 15,000,000 shares authorized at \$0.01 par value, 10,704,643 and 10,680,609 shares issued and outstanding at September 12, 2009 and January 3, 2009, respectively	107	107
Additional paid-in capital	43,048	42,643
Retained earnings (accumulated deficit)	77	(1,194)
<b>Total Stockholders' Equity</b>	<b>43,232</b>	<b>41,556</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 54,170</b>	<b>\$ 52,016</b>

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

	Third Quarter Ended,		First Three Quarters Ended,	
	September 12, 2009	September 6, 2008	September 12, 2009	September 6, 2008
Sales	\$ 22,284	\$ 25,646	\$ 68,441	\$ 73,482
Cost of sales	5,553	6,020	18,290	17,936
Gross profit	16,731	19,626	50,151	55,546
Operating costs	11,772	12,523	36,105	36,640
Selling, general and administrative expenses	3,834	4,278	11,664	15,042
Operating income	1,125	2,825	2,382	3,864
Interest expense – net	3	24	3	395
Loss on retirement of fixed assets – net	100	—	159	—
Income before income taxes	1,022	2,801	2,220	3,469
Provision for income taxes	453	1,179	949	3,206
Net income	569	1,622	1,271	263
Preferred return	—	—	—	339
Net income (loss) available to common stockholders	\$ 569	\$ 1,622	\$ 1,271	\$ (76)
Net income (loss) per share available to common stockholders: basic	\$ 0.05	\$ 0.15	\$ 0.12	\$ (0.01)
Net income (loss) per share available to common stockholders: diluted	\$ 0.05	\$ 0.15	\$ 0.12	\$ (0.01)
Number of weighted average common shares outstanding: basic	10,704	10,675	10,696	9,657
Number of weighted average common shares outstanding: diluted	10,834	10,848	10,753	9,657

**Heritage-Crystal Clean, Inc.**  
**Reconciliation of our Net Income Determined in Accordance with GAAP to Earnings**  
**Before Interest, Taxes, Depreciation & Amortization (EBITDA)**  
**(Unaudited)**

	Third Quarter Ended, (Dollars in thousands)		First Three Quarters Ended, (Dollars in thousands)	
	September 12, 2009	September 6, 2008	September 12, 2009	September 6, 2008
Net income	\$ 569	\$ 1,622	\$ 1,271	\$ 263
Interest expense - net	3	24	3	395
Provision for income taxes	453	1,179	949	3,206
Depreciation and amortization	1,052	844	2,858	2,441
EBITDA <sup>(a)</sup>	<u>\$ 2,077</u>	<u>\$ 3,669</u>	<u>\$ 5,081</u>	<u>\$ 6,305</u>

(a) 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.