



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

ELGIN, Ill., May 5, 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 first fiscal quarter of 2009, which ended March 28, 2009.

First quarter highlights include:

- Sales increased 3%, to \$23.8 million, compared to \$23.0 million in the first quarter of fiscal 2008.
- Total branch count increased by 4 during the quarter, bringing the total to 58, compared to 54 at the end of 2008.
- Same-branch sales growth was 2%, measured for the 54 branches that were in operation throughout both the first fiscal quarters of 2009 and 2008.
- Average sales per working day was approximately \$395,000, compared to \$390,000 in the first quarter of fiscal 2008.
- Pro forma¹ EPS (basic and diluted) increased to \$0.01 compared to \$(0.48) in the first quarter of fiscal 2008.

The first quarter of fiscal 2009 continued to be impacted by the decrease in the cost of solvent which led to a further reduction in the value of our solvent inventories held for use in the Company's service programs. The impact of this inventory valuation for the first quarter was \$0.9 million of additional cost of sales or \$0.05 EPS. During the first quarter of fiscal 2008, the Company completed its initial public offering of common stock (IPO). The first quarter of fiscal 2008 pro forma loss included a charge of \$0.55 to EPS for non-cash compensation expense and deferred income taxes recorded upon our conversion from an LLC to a "C" corporation.

Mr. Joseph Chalhoub, President and Chief Executive Officer of Heritage-Crystal Clean, Inc. commented, "We are paving the way for future growth while fighting the immediate challenge presented by the recession. In addition to the new branches that commenced operation during the quarter, our customer count grew from 36,000 at the end of 2007 to more than 39,000 at the end of the first quarter 2009. However, many of our customers have reduced their level of activity, resulting in less waste generation and reduced revenue per account. We have yet to see a clear sign of recovery or bottoming of this revenue trend and it is possible that in future quarters of 2009, we could report modest revenue declines versus year-ago quarters. We believe the Company will be well positioned to resume its sales growth when our customers resume their historic levels of activity."

¹ Pro forma EPS and pro forma net loss are calculated as if we had been a 'C' corporation for the full fiscal quarter 2008.

Mr. Greg Ray, CFO and VP of Business Management, stated, "Our financial performance for the first quarter of 2009 was adversely impacted by slow growth, and by the further revaluation of our solvent inventory. However, absent any further volatility in crude oil and solvent prices, we believe that we have now made the necessary inventory adjustments. We have a strong balance sheet, with no debt and cash generation in the first quarter of fiscal 2009 provided for a positive cash balance."

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 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 58 branches serving over 39,000 customer locations.

Conference Call

The Company will host a conference call on May 6, 2009 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) 325-4757.

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)

	March 28, 2009	January 3, 2009
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 2,231	\$ 327
Receivables:		
Trade, net of allowance for doubtful accounts of \$493 and \$616 at March 28, 2009 and January 3, 2009, respectively	13,118	14,040
Trade - affiliates	346	331
Other	42	245
Total receivables	13,506	14,616
Income tax refund	480	1,381
Inventory, net	9,565	10,609
Deferred tax assets	991	942
Prepaid income taxes	974	—
Prepaid and other current assets	1,641	1,386
Total Current Assets	29,388	29,261
Property, plant and equipment:		
Leasehold improvements	758	758
In-service equipment	25,382	24,634
Machinery, vehicles, and equipment	11,618	11,492
Construction in progress	723	427
	38,481	37,311
Less: accumulated depreciation	(17,216)	(16,433)
Net property, plant and equipment	21,265	20,878
Software and intangible assets, net of accumulated amortization of \$1,616 and \$1,524 at March 28, 2009 and January 3, 2009, respectively	1,822	1,877
Total Assets	\$ 52,475	\$ 52,016
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 5,969	\$ 5,227
Accounts payable - affiliates	256	534
Accrued salaries, wages, and benefits	1,622	1,920
Taxes payable	891	978
Accrued workers compensation	645	526
Other accrued expenses	752	876
Total Current Liabilities	10,135	10,061
Note payable - bank	—	20
Deferred tax liabilities	529	379
Total Liabilities	10,664	10,460
Commitments and contingencies		
STOCKHOLDERS' EQUITY:		
Common stock - 15,000,000 shares authorized at \$0.01 par value, 10,685,006 and 10,680,609 shares issued and outstanding at March 28, 2009 and January 3, 2009, respectively	107	107
Additional paid-in capital	42,798	42,643
Accumulated deficit	(1,094)	(1,194)
Total Stockholders' Equity	41,811	41,556
Total Liabilities and Stockholders' Equity	\$ 52,475	\$ 52,016

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

	First Quarter Ended,	
	March 28, 2009	March 22, 2008
Sales	\$ 23,756	\$ 22,997
Cost of sales	7,497	6,285
Gross profit	16,259	16,712
Operating costs	12,239	11,516
Selling, general, and administrative expenses	3,852	6,631
Operating income (loss)	168	(1,435)
Interest expense - net	—	353
Income (loss) before income taxes	168	(1,788)
Provision for income taxes	68	980
Net income (loss)	100	(2,768)
Preferred return	—	339
Net income (loss) available to common stockholders	\$ 100	\$ (3,107)
Net income (loss) per share available to common stockholders: basic	\$ 0.01	\$ (0.41)
Net income (loss) per share available to common stockholders: diluted	\$ 0.01	\$ (0.41)
Number of weighted average common shares outstanding: basic	10,685	7,620
Number of weighted average common shares outstanding: diluted	10,754	7,620
Pro forma data:		
Net income (loss)	\$ 100	\$ (2,768)
Pro forma provision for income taxes	—	497
Return on preferred and mandatorily redeemable capital units	—	372
Pro forma net income (loss) available to common stockholders	\$ 100	\$ (3,637)
Pro forma net income (loss) per share: basic	\$ 0.01	\$ (0.48)
Pro forma net income (loss) per share: diluted	\$ 0.01	\$ (0.48)

Heritage-Crystal Clean, Inc.

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

	First Quarter Ended, (Dollars in thousands)	
	March 28, 2009	March 22, 2008
Net income (loss)	\$ 100	\$ (2,768)
Interest expense - net	—	353
Provision for income taxes	68	980
Depreciation and amortization	877	776
EBITDA ^(a)	<u>\$ 1,045</u>	<u>\$ (659)</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.