Heritage-Crystal Clean, Inc.
Form 10-Q
October 20, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q
(Mark One)

x	QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
	For the quarterly period ended September 10, 2016
	OR
o	TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
	For the transition period from __________________to __________________

Commission File Number 001-33987

HERITAGE-CRYSTAL CLEAN, INC.
(Exact name of registrant as specified in its charter)

Delaware	26-0351454
State or other jurisdiction of Incorporation	(I.R.S. Employer Identification No.)

2175 Point Boulevard
Suite 375
Elgin, IL 60123
(Address of principal executive offices) (Zip Code)

Registrant’s telephone number, including area code: (847) 836-5670

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer o	Accelerated filer x
Non-accelerated filer o	Smaller reporting company o

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

On October 17, 2016, there were outstanding 22,410,470 shares of Common Stock, $0.01 par value, of Heritage-Crystal Clean, Inc.

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PART I

ITEM 1. FINANCIAL STATEMENTS

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

	September 10, 2016 (unaudited)	January 2, 2016
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 29,767	$ 23,608
Accounts receivable - net	47,370	41,592
Inventory - net	20,723	24,774
Other current assets	6,563	4,810
Total Current Assets	104,423	94,784
Property, plant and equipment - net	131,400	131,365
Equipment at customers - net	23,277	23,172
Software and intangible assets - net	20,786	22,202
Goodwill	31,510	30,325
Total Assets	$ 311,396	$ 301,848
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 31,612	$ 25,129
Current maturities of long-term debt	6,659	6,700
Accrued salaries, wages, and benefits	4,875	4,330
Taxes payable	7,209	6,735
Other current liabilities	3,965	3,617
Total Current Liabilities	54,320	46,511
Long term debt, less current maturities	59,917	62,778
Deferred income taxes	3,699	2,726
Total Liabilities	$ 117,936	$ 112,015
STOCKHOLDERS' EQUITY:		
Common stock - 26,000,000 shares authorized at $0.01 par value, 22,272,941 and 22,213,364 shares issued and outstanding at September 10, 2016 and January 2, 2016, respectively	$ 223	$ 222
Additional paid-in capital	183,788	182,558
Retained earnings	8,784	6,385
Total Heritage-Crystal Clean, Inc. Stockholders' Equity	192,795	189,165
Noncontrolling interest	665	668
Total Equity	$ 193,460	$ 189,833
Total Liabilities and Stockholders' Equity	$ 311,396	$ 301,848

See accompanying notes to financial statements.

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

	Third Quarter Ended,		First Three Quarters Ended,	
	September 10, 2016	September 12, 2015	September 10, 2016	September 12, 2015
Revenues				
Product revenues	$27,182	$ 32,888	$75,582	$ 99,509
Service revenues	54,690	49,797	165,295	150,154
Total revenues	$81,872	$ 82,685	$240,877	$ 249,663
Operating expenses				
Operating costs	$61,695	$ 63,499	$187,654	$ 197,576
Selling, general, and administrative expenses	10,726	9,872	34,455	31,553
Depreciation and amortization	4,196	4,419	12,442	13,050
Other expense (income) - net	1,439	99	1,238	(153)
Operating income	3,816	4,796	5,088	7,637
Interest expense – net	463	404	1,432	1,366
Income before income taxes	3,353	4,392	3,656	6,271
Provision for income taxes	942	1,637	1,140	2,418
Net income	2,411	2,755	2,516	3,853
Income attributable to noncontrolling interest	76	46	117	115
Net income attributable to Heritage-Crystal Clean, Inc. common stockholders	$2,335	$ 2,709	$2,399	$ 3,738
Net income per share: basic	$0.10	$ 0.12	$0.11	$ 0.17
Net income per share: diluted	$0.10	$ 0.12	$0.11	$ 0.17
Number of weighted average shares outstanding: basic	22,267	22,153	22,246	22,136
Number of weighted average shares outstanding: diluted	22,550	22,438	22,417	22,405

See accompanying notes to financial statements.

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Heritage-Crystal Clean, Inc.
Condensed Consolidated Statement of Stockholders’ Equity
(In Thousands, Except Share Amounts)
(Unaudited)

	Shares	Par Value Common	Additional Paid–in Capital	Retained Earnings	Total Heritage-Crystal Clean, Inc. Stockholders' Equity	Noncontrolling Interest	Total Equity
Balance at January 2, 2016	22,213,364	$ 222	$ 182,558	$ 6,385	$ 189,165	$ 668	$ 189,833
Net income	—	—	—	2,399	2,399	117	2,516
Distribution	—	—	—	—	—	(120)	(120)
Issuance of common stock – ESPP	32,036	1	324	—	325	—	325
Exercise of stock options	2,202	—	16	—	16		16
Share-based compensation	25,339	—	890	—	890	—	890
Balance at September 10, 2016	22,272,941	$ 223	$ 183,788	$ 8,784	$ 192,795	$ 665	$ 193,460

See accompanying notes to financial statements.

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Heritage-Crystal Clean, Inc.
Condensed Consolidated Statements of Cash Flows
(In Thousands)
(Unaudited)

	For the First Three Quarters Ended,	
	September 10, 2016	September 12, 2015
Cash flows from Operating Activities:		
Net income	$2,516	$ 3,853
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	12,442	13,050
Non-cash inventory impairment	1,651	6,846
Bad debt provision	714	1,081
Share-based compensation	890	815
Deferred taxes	973	2,250
Amortization of deferred gain on lease conversion	(201)	(245)
Other, net	383	914
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(6,131)	3,031
Decrease (increase) in inventory	2,428	(3,163)
(Increase) decrease in other current assets	(1,753)	3,403
Increase (decrease) increase in accounts payable	8,890	(11,106)
Increase (decrease) in accrued expenses	1,197	(3,704)
Cash provided by operating activities	$23,999	$ 17,025
Cash flows from Investing Activities:		
Capital expenditures	$(12,594)	$ (12,526)
Business acquisitions, net of cash acquired	(2,400)	—
Proceeds from the sale of property, plant, and equipment	$304	$ 106
Cash used in investing activities	$(14,690)	$ (12,420)
Cash flows from Financing Activities:		
Payments on term loan	$(3,371)	$ (5,303)
Payments of notes payable	—	(241)
Payments of contingent consideration	—	(95)
Proceeds from the issuance of common stock	341	345
Distributions to noncontrolling interest	(120)	(410)
Cash used in financing activities	$(3,150)	$ (5,704)
Net increase (decrease) in cash and cash equivalents	6,159	(1,099)
Cash and cash equivalents, beginning of period	23,608	21,555
Cash and cash equivalents, end of period	$29,767	$ 20,456
Supplemental disclosure of cash flow information:		
Income taxes paid	$315	$ 263
Cash paid for interest, net of capitalized interest of $100 and $439, respectively	1,473	1,161
Supplemental disclosure of non-cash information:		
Payables for construction in progress	$287	$ 1,026

See accompanying notes to financial statements.

HERITAGE-CRYSTAL CLEAN, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

September 10, 2016

(1) ORGANIZATION AND NATURE OF OPERATIONS

Heritage-Crystal Clean, Inc., a Delaware corporation and its subsidiaries (collectively the “Company”), provides parts cleaning and hazardous and non-hazardous waste services primarily to small and mid-sized customers in both the manufacturing and vehicle maintenance sectors. The Company's service programs include parts cleaning, containerized waste management, used oil collection, vacuum truck services, waste antifreeze collection and recycling, and field services. The Company also owns and operates a used oil re-refinery through which it recycles used oil into high quality base oil for lubricants as well as other re-refinery byproducts. The Company also has multiple locations where it dehydrates used oil to be sold as recycled fuel oil. The Company's locations are in the United States and Ontario, Canada. The Company conducts its primary business operations through Heritage-Crystal Clean, LLC, its wholly owned subsidiary, and all intercompany balances have been eliminated in consolidation.

The Company’s fiscal year ends on the Saturday closest to December 31. The most recent fiscal year ended on January 2, 2016. Each of the Company's first three fiscal quarters consists of twelve weeks while the last fiscal quarter consists of sixteen or seventeen weeks.

In the Company's Environmental Services segment, product revenues include sales of solvent, machines, antifreeze, and accessories; and service revenues include drum waste removal services, servicing of parts cleaning machines, vacuum truck services, field services, and other services. In the Company's Oil Business segment, product revenues include sales of re-refined base oil, byproducts, recycled fuel oil, and used oil; and service revenues include revenues from collecting used oil, collecting and recycling of oil filters and collecting and disposing of waste water. Due to the Company's integrated business model, it is impracticable to separately present costs of tangible products and costs of services.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company's significant accounting policies are described in Note 2, "Summary of Significant Accounting Policies," in the Company's Annual Report on Form 10-K for the fiscal year ended January 2, 2016. There have been no material changes in these policies or their application.

Recently Issued Accounting Pronouncements
Accounting standards not yet adopted

Standard	Issuance Date	Description	Our Effective Date	Effect on the Financial Statements
ASU 2016-09 Compensation - Stock Compensation: Improvements to Employee Share-Based Payment Accounting. (Topic 718)	March 2016	This update addresses the simplification of accounting for employee share-based payment transactions as it pertains to income taxes, the classification of awards as equity or liabilities, accounting for forfeitures, statutory tax withholding requirements, and certain classifications on the statement of cash flows. Early adoption is permitted.	January 1, 2017	The Company is currently evaluating the effect that implementation of this update will have on its consolidated financial position and results of operations.
ASU 2016-02 Leases (Topic 842)	February 2016	This update was issued to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Early application of the amendments in this update is permitted for all entities.	January 4, 2019	The Company is currently evaluating the effect that implementation of this update will have on its consolidated financial position and results of operations.
ASU 2014-15 Presentation of Financial Statements - Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern. (Subtopic 205-40)	August 2014	This update provides guidance about management’s responsibility to evaluate whether there is substantial doubt about an entity’s ability to continue as a going concern and to provide related footnote disclosures. Early adoption is permitted.	December 31, 2016	The adoption of ASU 2014-15 is not expected to have an impact on the Company’s consolidated financial statements.
ASU 2014-09 Revenue from Contracts with Customers, and ASU 2015-14 Revenue from Contracts with Customers: Deferral of the Effective Date (Topic 606)	May 2014	The underlying principle of this update is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Entities have the option of using either a full retrospective or a modified approach to adopt the guidance. Early adoption is	December 31, 2017	This update could impact the timing and amounts of revenue recognized. The Company is currently evaluating the effect that implementation of this update will have on its consolidated financial position and results of operations upon adoption.

not permitted.

Recently issued accounting standards adopted

Standard	Issuance Date	Description	Effective Date	Effect on the Financial Statements
2015-03 Interest—Imputation of Interest: Simplifying the Presentation of Debt Issuance Costs, and 2015-15 Interest—Imputation of Interest (Subtopic 835-30)	April 2015	These updates require debt issuance costs to be presented in the balance sheet as a direct deduction from the carrying value of the associated debt, and allows for the presentation of debt issuance costs as an asset regardless of whether or not there is an outstanding balance on the line-of-credit arrangement.	January 3, 2016	The adoption of ASU 2015-03 resulted in the reclassification of $1.4 million of unamortized debt issuance costs from "Other current assets" to "Term loan, less current maturities" as of January 2, 2016.

(3) BUSINESS COMBINATIONS

On March 24, 2016, the Company purchased the assets of Phoenix Environmental Services, Inc. and Pipeline Video and Cleaning North Corporation (together "Phoenix Environmental"). The purchase price for the acquisition was $2.7 million, including $0.3 million placed into escrow and including contingent consideration of up to $0.3 million based on subsequent business performance.

The Company is continuing to evaluate the purchase price allocations. Preliminary purchase price allocations are tentative and subject to revision as the Company finalizes appraisals and other analyses. Measurement period adjustments reflect new information obtained about facts and circumstances that existed as of the acquisition date. Final determination of the fair values may result in further adjustments to the values presented. The Company believes that the preliminary allocations provide a reasonable basis for estimating the fair values of assets acquired based on the information available. The Phoenix Environmental purchase price allocation is preliminary as the Company is still in the process of obtaining information to finalize the purchase price, net cash paid, and estimated fair values of the assets presented below. The Company expects to finalize the purchase price allocation no later than one year from the purchase date.

The following table summarizes the estimated fair values of the assets acquired related to the acquisition:

(Thousands)	Phoenix Environmental Services
Accounts receivable	$ 361
Inventory	27
Property, plant, & equipment	374
Equipment at customers	55
Intangible assets	710
Goodwill[a]	1,173
Total purchase price	2,700
Less: contingent consideration	(300)
Net cash paid	$ 2,400

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[a]Goodwill recognized from the acquisition of Phoenix Environmental represents the excess of the fair value of the net assets acquired over the purchase price, and is based upon the Company's expectations of synergies from combining the operations of Phoenix Environmental and the Company, and the value of intangible assets that are not separately recognized, such as the assembled workforce. All of the goodwill was assigned to the Environmental

Services reporting unit. All goodwill is expected to be deductible for income tax purposes.

Unaudited Pro Forma Financial Information

The pro forma financial information in the table below presents the combined results of the Company as if the Phoenix Environmental acquisition that occurred in fiscal 2016 had occurred January 3, 2015. The pro forma information is shown for illustrative purposes only and is not necessarily indicative of future results of operations of the Company or results of operations of the Company that would have actually occurred had the transactions been in effect for the period presented.

(In thousands, except per share data)	Third Quarter Ended, September 10, 2016	Third Quarter Ended September 12, 2015
Total revenues	$ 81,872	$ 83,600
Net income	2,335	2,892
Income per share		
Basic	$ 0.10	$ 0.13
Diluted	0.10	0.13

(In thousands, except per share data)	First Three Quarters Ended, September 10, 2016	First Three Quarters Ended, September 12, 2015
Total revenues	$ 241,602	$ 252,121
Net income	2,357	4,107
Income per share		
Basic	$ 0.11	$ 0.19
Diluted	0.11	0.18

(4) ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following:

(Thousands)	September 10, 2016	January 2, 2016
Trade	$ 42,597	$ 38,379
Less: allowance for doubtful accounts	2,394	2,207
Trade - net	40,203	36,172
Related parties	1,378	1,250
Other	5,789	4,170
Total accounts receivable - net	$ 47,370	$ 41,592

The following table provides the changes in the Company’s allowance for doubtful accounts for the three quarters ended September 10, 2016 and the fiscal year ended January 2, 2016:

(Thousands)	For the First Three Quarters Ended, September 10, 2016	For the Fiscal Year Ended, January 2, 2016
Balance at beginning of period	$ 2,207	$ 3,927
Balance acquired from FCC Environmental, including measurement period adjustments	—	2,701
Provision for bad debts	714	1,009
Accounts written off, net of recoveries	(527)	(5,430)
Balance at end of period	$ 2,394	$ 2,207

(5) INVENTORY

The carrying value of inventory consisted of the following:

(Thousands)	September 10, 2016	January 2, 2016
Used oil and processed oil	$ 7,254	$ 9,045
Solvents and solutions	4,543	6,285
Machines	3,127	3,827
Drums and supplies	4,417	4,226
Other	1,630	1,681
Total inventory	20,971	25,064
Less: machine refurbishing reserve	248	290
Total inventory - net	$ 20,723	$ 24,774

Inventory consists primarily of used oil, processed oil, solvents and solutions, new and refurbished parts cleaning machines, drums and supplies, and other items. Inventories are valued at the lower of first-in, first-out (FIFO) cost or market, net of any reserves for excess, obsolete, or unsalable inventory. The Company continually monitors its inventory levels at each of its locations and evaluates inventories for excess or slow-moving items. If circumstances indicate the cost of inventories exceed their recoverable value, inventories are reduced to net realizable value. The Company had no inventory write downs during the third quarter of 2016, compared to a write down of $2.4 million in the third quarter of 2015. Total inventory write-downs for the first three quarters of fiscal 2016 and the first three quarters of fiscal 2015 were $1.7 million and $6.8 million, respectively. Write-downs in 2015 and the first half of fiscal 2016 pertain to used oil and processed oil inventory as well as solvents and solutions inventory.

(6) PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment consisted of the following:

(Thousands)	September 10, 2016	January 2, 2016
Machinery, vehicles, and equipment [a]	$ 77,775	$ 75,129
Buildings and storage tanks	69,723	69,317
Land	10,368	9,295
Leasehold improvements [a]	4,758	4,523
Construction in progress	7,076	4,474
Assets held for sale	178	189
Total property, plant and equipment	169,878	162,927
Less: accumulated depreciation	(38,478)	(31,562)
Property, plant and equipment - net	$ 131,400	$ 131,365

(Thousands)	September 10, 2016	January 2, 2016
Equipment at customers [a]	$ 62,380	$ 59,216
Less: accumulated depreciation	(39,103)	(36,044)
Equipment at customers - net	$ 23,277	$ 23,172

[a] Numbers include preliminary fair values of assets acquired in the acquisition described in Note 3 that may be adjusted as additional information becomes known.

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Depreciation expense for the third quarters ended September 10, 2016 and September 12, 2015 was $3.4 million and $3.7 million, respectively. Depreciation expense for the first three quarters ended September 10, 2016 and the first three quarters ended September 12, 2015 was $10.2 million and $11.1 million, respectively.

(7) GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill is measured as a residual amount as of the acquisition date, which in most cases results in measuring goodwill as an excess of the purchase consideration transferred plus the fair value of any noncontrolling interest in the acquiree over the fair value of the net assets acquired, including any contingent consideration. The Company tests goodwill for impairment annually in the fourth quarter and in interim periods if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. The Company's determination of fair value requires certain assumptions and estimates, such as margin expectations, market conditions, growth expectations, expected changes in working capital, etc., regarding expected future profitability and expected future cash flows. The Company tests goodwill for impairment at each of its two reporting units, Environmental Services and Oil Business, and the Company does not aggregate reporting units for purposes of impairment testing.

The following table shows changes to our goodwill balances by segment from January 2, 2016, to September 10, 2016:

(Thousands)	Oil Business	Environmental Services	Total
Balance at January 2, 2016	$ —	$ 30,325	$30,325
Phoenix Environmental acquisition	—	1,173	1,173
Adjustments	—	12	12
Balance at September 10, 2016	$ —	$ 31,510	$31,510

Following is a summary of software and other intangible assets:

	September 10, 2016			January 2, 2016		
(Thousands)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer & supplier relationships	$22,930	$ 5,927	$ 17,003	$22,202	$ 4,369	$ 17,833
Software	4,573	3,557	1,016	4,455	3,382	1,073
Non-compete agreements	2,939	2,043	896	2,930	1,713	1,217
Patents, formulae, and licenses	1,769	556	1,213	1,769	510	1,259
Other	1,348	690	658	1,354	534	820
Total software and intangible assets	$33,559	$ 12,773	$ 20,786	$32,710	$ 10,508	$ 22,202

Amortization expense was $0.7 million for the third quarter ended September 10, 2016 and $0.7 million for third quarter ended September 12, 2015. Amortization expense was $2.3 million for the first three quarters ended September 10, 2016 and $1.9 million for first three quarters ended September 12, 2015. The weighted average useful lives of software; customer & supplier relationships; patents, formulae, and licenses; non-compete agreements, and other intangibles were 9 years, 11 years, 15 years, 5 years, and 6 years, respectively.

The expected amortization expense for the remainder of fiscal 2016 and for fiscal years 2017, 2018, 2019, and 2020 is $1.0 million, $3.2 million, $2.9 million, $2.6 million, and $2.5 million, respectively. The preceding expected amortization expense is an estimate. Actual amounts of amortization expense may differ from estimated amounts due to additional intangible asset acquisitions, disposal of intangible assets, accelerated amortization of intangible assets, and other events.

(8) DEBT AND FINANCING ARRANGEMENTS

Bank Credit Facility

On October 16, 2014, the Company amended its Amended and Restated Credit Agreement ("Credit Agreement", or "Credit Facility"). The Credit Agreement, as amended, allows for up to $140.0 million in borrowings. As of September 10, 2016 and January 2, 2016, the Company's total borrowings were $67.5 million and $70.9 million, respectively, under the term loan which has a maturity date of February 5, 2018. The remaining portion of the Credit Facility is a revolving loan which expires on February 5, 2018. There were no amounts outstanding under the revolver at September 10, 2016 and January 2, 2016. Unamortized debt issuance costs were $0.9 million and $1.4 million as of September 10, 2016 and January 2, 2016, respectively.

During the third quarter of fiscal 2016, the Company recorded interest of $0.5 million on the term loan and capitalized less than $0.1 million for various capital projects. During the first three quarters of fiscal 2016, the Company recorded interest of $1.5 million on the term loan, of which less than $0.1 million was capitalized for various capital projects. During the third quarter of fiscal 2015, the Company recorded interest of $0.4 million on the term loan and capitalized $0.1 million for various capital projects. During the first three quarters of fiscal 2015, the Company recorded interest of $1.4 million on the term loan and capitalized $0.4 million for various capital projects.

As of September 10, 2016 and January 2, 2016, the Company was in compliance with all covenants under the Credit Agreement. As of September 10, 2016 and January 2, 2016, the Company had $3.0 million and $4.4 million of standby letters of credit issued, respectively, and $8.6 million and $34.5 million was available for borrowing under the Credit Facility. The actual amount available under the revolving loan portion of the Credit Agreement is limited by the Company's total leverage ratio.

The Company's weighted average interest rate for all debt as of September 10, 2016 and September 12, 2015 was 3.2% and 3.1%, respectively.

(9) SEGMENT INFORMATION

The Company reports in two segments: "Environmental Services" and "Oil Business." The Environmental Services segment consists of the Company's parts cleaning, containerized waste management, vacuum truck service, antifreeze recycling activities, and field services. The Oil Business segment consists of the Company's used oil collection, used oil re-refining activities, and the dehydration of used oil to be sold as recycled fuel oil.

No single customer in either segment accounted for more than 10.0% of consolidated revenues in any of the periods presented. There were no intersegment revenues.

Operating segment results for the third quarters and first three quarters ended September 10, 2016, and September 12, 2015 were as follows:
Third Quarter Ended,
September 10, 2016

(Thousands)	Environmental Services	Oil Business	Corporate and Eliminations	Consolidated
Revenues				
Product revenues	$ 4,691	$ 22,491	$ —	$ 27,182
Service revenues	46,591	8,099	—	54,690
Total revenues	$ 51,282	$ 30,590	$ —	$ 81,872
Operating expenses				
Operating costs	34,456	27,239	—	61,695
Operating depreciation and amortization	1,742	1,618	—	3,360
Profit before corporate selling, general, and administrative expenses	$ 15,084	$ 1,733	$ —	$