

CLEAN HARBORS INC
Form 10-Q
October 31, 2018
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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 SEPTEMBER 30, 2018
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

(State or Other Jurisdiction of Incorporation or Organization)

42 Longwater Drive, Norwell, MA

(Address of Principal Executive Offices)

(781) 792-5000

(Registrant's Telephone Number, Including area code)

04-2997780

(IRS Employer Identification No.)

02061-9149

(Zip 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 every Interactive Data File required to be submitted 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 such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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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	56,005,486
(Class)	(Outstanding as of October 26, 2018)

CLEAN HARBORS, INC.

QUARTERLY REPORT ON FORM 10-Q

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CLEAN HARBORS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(in thousands)

	September 30, 2018	December 31, 2017
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 215,497	\$ 319,399
Short-term marketable securities	37,380	38,179
Accounts receivable, net of allowances aggregating \$32,260 and \$27,799, respectively	608,645	528,924
Unbilled accounts receivable	63,964	35,922
Deferred costs	19,849	20,445
Inventories and supplies	196,045	176,012
Prepaid expenses and other current assets	35,441	35,175
Total current assets	1,176,821	1,154,056
Property, plant and equipment, net	1,614,429	1,587,365
Other assets:		
Goodwill	514,102	478,523
Permits and other intangibles, net	451,355	469,128
Other	17,622	17,498
Total other assets	983,079	965,149
Total assets	\$ 3,774,329	\$ 3,706,570
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term obligations	\$ 7,535	\$ 4,000
Accounts payable	248,405	224,231
Deferred revenue	65,172	67,822
Accrued expenses	229,932	187,982
Current portion of closure, post-closure and remedial liabilities	25,256	19,782
Total current liabilities	576,300	503,817
Other liabilities:		
Closure and post-closure liabilities, less current portion of \$9,576 and \$6,444, respectively	57,805	54,593
Remedial liabilities, less current portion of \$15,680 and \$13,338, respectively	105,032	111,130
Long-term obligations, less current portion	1,616,156	1,625,537
Deferred taxes, unrecognized tax benefits and other long-term liabilities	221,712	223,291
Total other liabilities	2,000,705	2,014,551
Commitments and contingent liabilities (See Note 16)		
Stockholders' equity:		
Common stock, \$.01 par value:		
Authorized 80,000,000; shares issued and outstanding 55,997,893 and 56,501,190 shares, respectively	560	565
Additional paid-in capital	661,546	686,962

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Accumulated other comprehensive loss	(185,505) (172,407)
Accumulated earnings	720,723	673,082	
Total stockholders' equity	1,197,324	1,188,202	
Total liabilities and stockholders' equity	\$ 3,774,329	\$ 3,706,570	

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 September 30, 2018	2017	Nine Months Ended September 30, 2018 2017	
Revenues:				
Service revenues	\$ 685,183	\$ 612,352	\$ 2,001,681	\$ 1,783,506
Product revenues	157,998	143,494	440,418	414,069
Total revenues	843,181	755,846	2,442,099	2,197,575
Cost of revenues: (exclusive of items shown separately below)				
Service revenues	464,612	412,369	1,385,684	1,215,812
Product revenues	116,073	107,226	325,010	320,171
Total cost of revenues	580,685	519,595	1,710,694	1,535,983
Selling, general and administrative expenses	121,219	113,252	362,302	337,767
Accretion of environmental liabilities	2,450	2,347	7,328	7,053
Depreciation and amortization	73,082	Bank as defined in Section 3(a)(6) of the Act (15 U.S.C 78c);		
(c) "		Insurance company as defined in Section 3(a)(19) of the Act (15 U.S.C 78c);		
(d) "		Investment company registered under Section 8 of the Investment Company Act of 1940 (15 U.S.C. 80a-8);		
(e) "		An investment adviser in accordance with Rule 13d-1(b)(1)(ii)(E);		

- (f) An employee benefit plan or endowment fund in accordance with § 240.13d-1(b)(1)(ii)(F);

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- (g) "A parent holding company or control person in accordance with § 240.13d-1(b)(1)(ii)(G);
- (h) "A savings association as defined in Section 3(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813);
- (i) "A church plan that is excluded from the definition of an investment company under Section 3(c)(14) of the Investment Company Act (15 U.S.C. 80a-3);
- (j) "A non-U.S. institution in accordance with § 240.13d-1(b)(1)(ii)(J);
- (k) "Group, in accordance with § 240.13d-1(b)(1)(ii)(K).

If filing as a non-U.S. institution in accordance with § 240.13d-1(b)(1)(ii)(J), please specify the type of institution:

Item 4. Ownership:

See items 5-11 of the cover pages hereto for beneficial ownership, percentage of class and dispositive power of the Reporting Persons, which are incorporated herein.

SCP Vitalife beneficially owns 1,017,674 Ordinary Shares.

SCP Vitalife Israel beneficially owns 339,900 Ordinary Shares.

SCP Vitalife Associates, as the general partner of the foregoing entities, may be deemed to beneficially own 1,357,574 Ordinary Shares, which consist of the Ordinary Shares held by the foregoing entities. SCP Vitalife GP is the general partner of SCP Vitalife Associates and, as such, shares voting and dispositive power over, and may be deemed to beneficially own, the Ordinary Shares held by the foregoing entities.

Each of Winston J. Churchill, Jeffrey Dykan, Abraham Ludomirski, and Wayne B. Weisman share voting and dispositive power over, and may be deemed to beneficially own 1,500,100 Ordinary Shares, which consist of the 1,357,574 Ordinary Shares held by the foregoing entities, due to each of the foregoing individuals serving as a director of SCP Vitalife GP, as well as (i) 62,006 Ordinary Shares held by Vitalife Partners (Overseas) L.P. ("Vitalife Partners

Overseas”), (ii) 20,506 Ordinary Shares held by Vitalife Partners (Israel) L.P. (“Vitalife Partners Israel”), (iii) 20,733 Ordinary Shares held by Vitalife Partners (D.C.M) L.P. (“Vitalife Partners DCM”, and together with Vitalife Partners Overseas and Vitalife Partners Israel, the “Vitalife I Entities”) and (iv) 39,281 Ordinary Shares currently held by the Office of the Chief Scientist of the State of Israel, or the OCS, that the Vitalife I Entities have the right to acquire from the OCS, due to each of the foregoing individuals serving as a director of Vitalife Life Sciences Ltd., the general partner of Vitalife Partners Management L.P., which is the general partner of each of the Vitalife I Entities. Each of Messrs. Winston J. Churchill, Jeffrey Dykan, Abraham Ludomirski, and Wayne B. Weisman disclaims beneficial ownership over the Ordinary Shares held by the foregoing entities. In addition, each of Jeffrey Dykan and Wayne B. Weisman beneficially own 23,067 Ordinary Shares as a result of the vesting of restricted stock units and 12,528 Ordinary Shares as a result of the vesting of options that are currently exercisable or exercisable within 60 days.

Item 5. Ownership of Five Percent or Less of a Class:

If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than 5 percent of the class of securities, check the following “.

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Item 6. Ownership of More than Five Percent on Behalf of Another Person:

Not Applicable.

Item 7. Identification and Classification of the Subsidiary which Acquired the Security Being Reported on by the Parent Holding Company or Control Person:

Not Applicable.

Item 8. Identification and Classification of Members of the Group:

Not Applicable.

Item 9. Notice of Dissolution of Group:

Not Applicable.

Item 10. Certifications:

Not Applicable.

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SIGNATURE

After reasonable inquiry and to the best of its knowledge and belief, I certify (the undersigned certifies) that the information set forth in this statement is true, complete and correct.

February 15, 2019

SCP VITALIFE PARTNERS II, L.P.
SCP VITALIFE PARTNERS (ISRAEL) II, L.P.
SCP VITALIFE II ASSOCIATES, L.P.
SCP VITALIFE II GP, LTD
WINSTON J. CHURCHILL
JEFFREY DYKAN
ABRAHAM LUDOMIRSKI
WAYNE B. WEISMAN

**SCP VITALIFE PARTNERS II,
L.P.**

By: SCP Vitalife II Associates, L.P.
By: SCP Vitalife II GP, LTD

By: /s/ Jeffrey Dykan
Name: Jeffrey Dykan
Title: Director

For itself and on behalf of SCP Vitalife Partners (Israel) II, L.P., SCP Vitalife II Associates, L.P., SCP Vitalife II GP, Ltd, Winston J. Churchill, Jeffrey Dykan, Abraham Ludomirski and Wayne B. Weisman, pursuant to an agreement annexed as Exhibit 1 hereto.

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