

CLEAN HARBORS INC
Form 10-Q
August 09, 2011
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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**QUARTERLY REPORT PURSUANT TO SECTION 13 OR
15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2011

OR

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**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)

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Massachusetts
(State of Incorporation)

04-2997780
(IRS Employer Identification No.)

42 Longwater Drive, Norwell, MA
(Address of Principal Executive Offices)

02061-9149
(Zip Code)

(781) 792-5000

(Registrant's Telephone Number, Including area 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 twelve 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 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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer
(Do not check if a smaller reporting company)

Smaller reporting company

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
(Class)

53,013,677
(Outstanding at August 3, 2011)

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CLEAN HARBORS, INC.

QUARTERLY REPORT ON FORM 10-Q

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CLEAN HARBORS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

ASSETS

(in thousands)

	June 30, 2011 (unaudited)	December 31, 2010
Current assets:		
Cash and cash equivalents	\$ 377,576	\$ 302,210
Marketable securities	128	3,174
Accounts receivable, net of allowances aggregating \$15,729 and \$23,704, respectively	352,809	332,678
Unbilled accounts receivable	30,588	19,117
Deferred costs	6,289	6,891
Prepaid expenses and other current assets	32,828	28,939
Supplies inventories	47,270	44,546
Deferred tax assets	18,884	14,982
Total current assets	866,372	752,537
Property, plant and equipment:		
Land	32,782	31,654
Asset retirement costs (non-landfill)	2,371	2,242
Landfill assets	52,514	54,519
Buildings and improvements	158,705	147,285
Camp equipment	99,611	62,717
Vehicles	206,388	162,397
Equipment	675,494	537,937
Furniture and fixtures	3,700	2,293
Construction in progress	43,150	33,005
	1,274,715	1,034,049
Less accumulated depreciation and amortization	426,439	378,655
Total property, plant and equipment, net	848,276	655,394
Other assets:		
Long-term investments	5,311	5,437
Deferred financing costs	15,061	7,768
Goodwill	88,511	60,252
Permits and other intangibles, net of accumulated amortization of \$67,035 and \$60,633, respectively	127,068	114,400
Other	14,481	6,687
Total other assets	250,432	194,544
Total assets	\$ 1,965,080	\$ 1,602,475

The accompanying notes are an integral part of these unaudited consolidated financial statements.

Table of Contents**CLEAN HARBORS, INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS (Continued)****LIABILITIES AND STOCKHOLDERS' EQUITY**

(in thousands)

	June 30, 2011 (unaudited)	December 31, 2010
Current liabilities:		
Current portion of capital lease obligations	\$ 6,520	\$ 7,954
Accounts payable	156,106	136,978
Deferred revenue	28,462	30,745
Accrued expenses	118,716	116,089
Current portion of closure, post-closure and remedial liabilities	15,626	14,518
Total current liabilities	325,430	306,284
Other liabilities:		
Closure and post-closure liabilities, less current portion of \$6,313 and \$5,849, respectively	28,595	32,830
Remedial liabilities, less current portion of \$9,313 and \$8,669, respectively	127,859	128,944
Long-term obligations	524,994	264,007
Capital lease obligations, less current portion	9,109	6,839
Unrecognized tax benefits and other long-term liabilities	91,725	82,744
Total other liabilities	782,282	515,364
Stockholders' equity:		
Common stock, \$.01 par value:		
Authorized 80,000,000; shares issued and outstanding 52,986,122 and 52,772,392 shares, respectively	530	528
Treasury stock	(4,274)	(2,467)
Shares held under employee participation plan	(777)	(777)
Additional paid-in capital	495,237	488,384
Accumulated other comprehensive income	70,366	50,759
Accumulated earnings	296,286	244,400
Total stockholders' equity	857,368	780,827
Total liabilities and stockholders' equity	\$ 1,965,080	\$ 1,602,475

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 INCOME

(in thousands except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Revenues	\$ 447,235	\$ 471,639	\$ 882,197	\$ 826,535
Cost of revenues (exclusive of items shown separately below)	307,754	324,280	620,331	584,697
Selling, general and administrative expenses	58,254	50,729	113,048	96,213
Accretion of environmental liabilities	2,407	2,602	4,796	5,304
Depreciation and amortization	26,936	22,105	52,396	44,779
Income from operations	51,884	71,923	91,626	95,542
Other income	2,868	2,708	5,767	3,154
Interest expense, net of interest income of \$302 and \$546 for the quarter and year-to-date ended 2011 and \$165 and \$267 for the quarter and year-to-date ended 2010, respectively	(10,642)	(7,646)	(17,120)	(14,574)
Income from continuing operations, before provision for income taxes	44,110	66,985	80,273	84,122
Provision for income taxes	14,954	11,468	28,387	18,557
Income from continuing operations	29,156	55,517	51,886	65,565
Income from discontinued operations, net of tax		2,412		2,794
Net income	\$ 29,156	\$ 57,929	\$ 51,886	\$ 68,359
Earnings per share:				
Basic	\$ 0.55	\$ 1.10	\$ 0.98	\$ 1.30
Diluted	\$ 0.55	\$ 1.10	\$ 0.97	\$ 1.29
Weighted average common shares outstanding	52,939	52,581	52,869	52,542
Weighted average common shares outstanding plus potentially dilutive common shares	53,362	52,849	53,261	52,796

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 CASH FLOWS

(in thousands)

	Six Months Ended	
	2011	June 30, 2010
Cash flows from operating activities:		
Net income	\$ 51,886	\$ 68,359
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	52,396	44,779
Allowance for doubtful accounts	402	833
Amortization of deferred financing costs and debt discount	898	1,475
Accretion of environmental liabilities	4,796	5,304
Changes in environmental liability estimates	(773)	(3,893)
Deferred income taxes	819	388
Stock-based compensation	2,880	3,107
Excess tax benefit of stock-based compensation	(1,617)	(782)
Income tax benefit related to stock option exercises	1,617	777
Gains on sales of businesses		(2,678)
Other income	(2,413)	(3,154)
Environmental expenditures	(5,564)	(4,717)
Changes in assets and liabilities, net of acquisitions		
Accounts receivable	18,063	(61,294)
Other current assets	(5,252)	(20,868)
Accounts payable	(33,024)	48,411
Other current liabilities	(9,485)	21,270
Net cash from operating activities	75,629	97,317
Cash flows from investing activities:		
Additions to property, plant and equipment	(65,460)	(35,490)
Acquisitions, net of cash acquired	(205,922)	(13,751)
Additions to intangible assets, including costs to obtain or renew permits	(1,066)	(2,192)
Proceeds from sales of marketable securities	388	2,575
Proceeds from sales of fixed assets and assets held for sale	4,891	15,594
Proceeds from insurance settlement		1,336
Proceeds from sale of long-term investments		1,300
Net cash used in investing activities	(267,169)	(30,628)
Cash flows from financing activities:		
Change in uncashed checks	13,746	(3,600)
Proceeds from exercise of stock options	783	318
Remittance of shares, net	(1,807)	(113)
Proceeds from employee stock purchase plan	1,556	1,187