

CLEAN HARBORS INC
Form 10-Q
November 09, 2011
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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, 2011
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 of Incorporation)

04-2997780

(IRS Employer Identification No.)

42 Longwater Drive, Norwell, MA

(Address of Principal Executive Offices)

(781) 792-5000

(Registrant's Telephone Number, Including area code)

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 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

Smaller reporting company

(Do not check if a smaller reporting company)

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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 (Class)	53,061,946 (Outstanding at November 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)

	September 30, 2011 (unaudited)	December 31, 2010
Current assets:		
Cash and cash equivalents	\$257,159	\$302,210
Marketable securities	93	3,174
Accounts receivable, net of allowances aggregating \$14,285 and \$23,704, respectively	414,079	332,678
Unbilled accounts receivable	41,728	19,117
Deferred costs	5,831	6,891
Prepaid expenses and other current assets	37,278	28,939
Supplies inventories	53,614	44,546
Deferred tax assets	16,488	14,982
Total current assets	826,270	752,537
Property, plant and equipment:		
Land	36,664	31,654
Asset retirement costs (non-landfill)	2,353	2,242
Landfill assets	51,935	54,519
Buildings and improvements	184,242	147,285
Camp equipment	102,683	62,717
Vehicles	218,111	162,397
Equipment	696,638	537,937
Furniture and fixtures	3,635	2,293
Construction in progress	32,841	33,005
	1,329,102	1,034,049
Less—accumulated depreciation and amortization	448,383	378,655
Total property, plant and equipment, net	880,719	655,394
Other assets:		
Long-term investments	4,239	5,437
Deferred financing costs	14,325	7,768
Goodwill	134,696	60,252
Permits and other intangibles, net of accumulated amortization of \$68,531 and \$60,633, respectively	140,970	114,400
Other	9,166	6,687
Total other assets	303,396	194,544
Total assets	\$2,010,385	\$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

CONSOLIDATED BALANCE SHEETS (Continued)

LIABILITIES AND STOCKHOLDERS' EQUITY

(in thousands)

	September 30, 2011 (unaudited)	December 31, 2010
Current liabilities:		
Current portion of capital lease obligations	\$8,570	\$7,954
Accounts payable	201,561	136,978
Deferred revenue	28,627	30,745
Accrued expenses	138,911	116,089
Current portion of closure, post-closure and remedial liabilities	15,899	14,518
Total current liabilities	393,568	306,284
Other liabilities:		
Closure and post-closure liabilities, less current portion of \$5,086 and \$5,849, respectively	27,420	32,830
Remedial liabilities, less current portion of \$10,813 and \$8,669, respectively	124,183	128,944
Long-term obligations	524,590	264,007
Capital lease obligations, less current portion	7,531	6,839
Unrecognized tax benefits and other long-term liabilities	92,887	82,744
Total other liabilities	776,611	515,364
Stockholders' equity:		
Common stock, \$.01 par value:		
Authorized 80,000,000; shares issued and outstanding 53,038,399 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	499,086	488,384
Accumulated other comprehensive income	12,222	50,759
Accumulated earnings	333,419	244,400
Total stockholders' equity	840,206	DAC
(1.0) (0.9) (0.7) (0.7) (0.4) 0.3 0.4		

The estimated annual operating income effects indicated in the table above are applicable for the third and fourth quarter of 2002. In selecting the appropriate factor to use, the cumulative change in markets from June 30, 2002 needs to be considered. For example, assume an estimate is being computed for the annual effect on Retirement fee income due to a 4% decline in the markets occurring the fourth quarter of 2002, and that this 4% fourth quarter market decline follows an 8% decline in the equity markets occurring in the third quarter of 2002. In this example, the expected annual effect of a fourth quarter 2002 market decline of 4% is estimated as: $(\$2.1*2)+(\$2.0*2) = (\$8.2)$ million.

Forward Looking Statements Cautionary Language

The preceding information discusses factors that may affect future financial performance. Certain statements contained in this document are forward-looking statements within the meaning of the Securities Litigation Reform Act of 1995 (the Act). Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements, and may contain words like: believe, anticipate, expect, estimate, project, will, shall and other words or phrases with similar meaning.

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Forward-looking statements involve risks and uncertainties that may cause actual results to differ materially from the results contained in the forward-looking statements. These risks and uncertainties include, among others, subsequent significant changes in: the company (e.g., acquisitions and divestitures of legal entities and blocks of business directly or by means of reinsurance transactions including the recently completed divestiture of LNC's reinsurance business); financial markets (e.g., interest rates and securities markets); competitors and competing products and services; LNC's ability to operate its businesses in a relatively normal manner; legislation (e.g., corporate, individual, estate and product taxation); the price of LNC's stock; accounting principles generally accepted in the United States; regulations (e.g., insurance and securities regulations); and debt and claims paying ratings issued by nationally recognized statistical rating organizations.

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Other risks and uncertainties include: the risk that significant accounting, fraud or corporate governance issues may adversely affect the value of certain investments; whether necessary regulatory approvals are obtained (e.g., insurance department, Hart-Scott-Rodino, etc.) and, if obtained, whether they are obtained on a timely basis; whether proceeds from divestitures of legal entities and blocks of business can be used as planned; litigation, arbitration and other actions [e.g., a) adverse decisions in significant actions including, but not limited to extra contractual and class action damage cases, b) new decisions which change the law, c) unexpected trial court rulings, d) unavailability of witnesses and e) newly discovered evidence]; acts of God (e.g., hurricanes, earthquakes and storms); whether there will be any significant charges or benefits resulting from the contingencies described in the footnotes to LNC's consolidated financial statements; acts of terrorism or war; the stability of governments in countries in which LNC does business; and other insurance risks (e.g., policyholder mortality and morbidity).

The risks included here are not exhaustive. Lincoln National Corporation's annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and other documents filed with the Securities and Exchange Commission include additional risks and factors which could impact LNC's business and financial performance. Moreover, LNC operates in a rapidly changing and competitive environment. New risk factors emerge from time to time and it is not possible for management to predict all such risk factors. Further, it is not possible to assess the impact of all risk factors on LNC's business or the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results or a projection of earnings. In addition, LNC disclaims any obligation to update any forward-looking statements to reflect events or circumstances that occur after the date of this report.