Heritage-Crystal Clean, Inc.
Form 10-Q
May 01, 2014

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 March 22, 2014
	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 April 25, 2014, there were outstanding 18,584,267 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.
Consolidated Balance Sheets
(In Thousands, Except Share and Par Value Amounts)

	March 22, 2014 (unaudited)	December 28, 2013
ASSETS		
Current Assets:		
Cash and cash equivalents	$19,939	$22,632
Accounts receivable - net	29,302	31,172
Inventory - net	27,955	27,307
Deferred income taxes	1,004	1,004
Other current assets	4,190	3,661
Total Current Assets	82,390	85,776
Property, plant and equipment - net	86,874	85,039
Equipment at customers - net	19,836	19,358
Software and intangible assets - net	15,386	16,094
Goodwill	9,691	9,691
Total Assets	$214,177	$215,958
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$21,247	$18,291
Current maturities of long-term debt and term loan	2,494	2,906
Accrued salaries, wages, and benefits	2,484	4,145
Taxes payable	1,327	1,292
Other accrued expenses	2,953	2,730
Total Current Liabilities	30,505	29,364
Term loan, less current maturities	17,500	17,500
Long-term debt, less current maturities	427	552
Deferred income taxes	8,061	9,238
Total Liabilities	$56,493	$56,654
STOCKHOLDERS' EQUITY:		
Common stock - 26,000,000 shares authorized at $0.01 par value, 18,404,016 and 18,360,282 shares issued and outstanding at March 22, 2014 and December 28, 2013, respectively	$184	$184
Additional paid-in capital	146,059	146,043
Retained earnings	10,484	12,143
Total Heritage-Crystal Clean, Inc. Stockholders' Equity	156,727	158,370
Noncontrolling interest	957	934
Total Equity	$157,684	$159,304
Total Liabilities and Stockholders' Equity	$214,177	$215,958

See accompanying notes to financial statements.

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

	First Quarter Ended, March 22, 2014		March 23, 2013	
Revenues				
Product revenues	$29,303		$26,558	
Service revenues	36,662		33,449	
Total revenues	$65,965		$60,007	
Operating expenses				
Operating costs	$57,365		$52,286	
Selling, general, and administrative expenses	8,843		6,591	
Depreciation and amortization	2,626		1,859	
Other income - net	(51	)	(8	)
Operating loss	(2,818	)	(721	)
Interest expense – net	53		106	
Loss before income taxes	(2,871	)	(827	)
Provision for income taxes	(1,235	)	(407	)
Net loss	(1,636	)	(420	)
Income attributable to noncontrolling interest	23		20	
Net loss attributable to Heritage-Crystal Clean, Inc. common stockholders	$(1,659	)	$(440	)
Net loss per share: basic	$(0.09	)	$(0.02	)
Net loss per share: diluted	$(0.09	)	$(0.02	)
Number of weighted average shares outstanding: basic	18,402		18,113	
Number of weighted average shares outstanding: diluted	18,402		18,113	

See accompanying notes to financial statements.

Heritage-Crystal Clean, Inc.
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 December 28, 2013	18,360,282	$ 184	$ 146,043	$ 12,143	$ 158,370	$ 934	$ 159,304
Net (loss) income	—	—	—	(1,659)	(1,659)	23	(1,636)
Issuance of common stock – ESPP	5,701	—	100	—	100	—	100
Share-based compensation	38,033	—	(84)	—	(84)	—	(84)
Balance at March 22, 2014	18,404,016	$ 184	$ 146,059	$ 10,484	$ 156,727	$ 957	$ 157,684

See accompanying notes to financial statements.

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

	For the First Quarter Ended,	
	March 22, 2014	March 23, 2013
Cash flows from Operating Activities:		
Net loss	$(1,636)	$(420)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	2,626	1,859
Bad debt provision	32	(66)
Share-based compensation	(84)	95
Deferred taxes	(1,177)	(399)
Other, net	8	10
Changes in operating assets and liabilities:		
Decrease (increase) in accounts receivable	1,838	(1,207)
Increase in inventory	(648)	(327)
Increase in other current assets	(528)	(827)
Increase in accounts payable	3,657	2,614
(Decrease) increase in accrued expenses	(1,294)	659
Cash provided by operating activities	$2,794	$1,991
Cash flows from Investing Activities:		
Capital expenditures	$(4,930)	$(3,156)
Business acquisitions, net of cash acquired	—	(2,405)
Cash used in investing activities	$(4,930)	$(5,561)
Cash flows from Financing Activities:		
Proceeds from Term Loan	$—	$750
Payments on Term Loan	(250)	(250)
Payments of notes payable	(298)	(206)
Payments of contingent consideration	(109)	(191)
Proceeds from the issuance of common stock	100	112
Proceeds from the exercise of stock options	—	65
Cash (used in) provided by financing activities	$(557)	$280
Net decrease in cash and cash equivalents	(2,693)	(3,290)
Cash and cash equivalents, beginning of period	22,632	47,766
Cash and cash equivalents, end of period	$19,939	$44,476
Supplemental disclosure of cash flow information:		
Income taxes paid	$50	$8
Cash paid for interest, net of capitalized interest of $56 and $30, respectively	58	103
Supplemental disclosure of non-cash information:		
Payables for construction in progress	$767	$247
Business acquisition, note issued	—	835
Business acquisition, liabilities assumed	—	139

See accompanying notes to financial statements.

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

March 22, 2014

(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 to small and mid-sized customers in both the manufacturing and vehicle service sectors. The Company's service programs include parts cleaning, containerized waste management, used oil collection, vacuum truck services, and waste antifreeze collection and recycling. The Company also owns and operates a used oil re-refinery through which it recycles used oil into high quality lubricant base oil and byproducts. The Company's locations are in the United States. 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 December 28, 2013. 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, and other services. In the Company's Oil Business segment, product revenues include sales of re-refined base oil, byproducts, and used oil; and service revenues include revenues from 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

Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles ("GAAP") requires the use of certain estimates by management in determining the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of sales and expenses during the reporting period. Significant items subject to such estimates and assumptions are the allowance for doubtful accounts receivable, valuation of inventory at lower of cost or market, valuation of goodwill and other intangible assets, and income taxes. Actual results could differ from those estimates. The results of operations for the interim periods are not necessarily indicative of the results for the entire fiscal year.

Revenue Recognition

The Company derives its revenues primarily from the services it performs and from the sale of processed oil from its used oil re-refinery. Parts cleaning and other service revenues are recognized as the service is performed. Product revenues are recognized at the time risk of loss passes to the customer. The risk of loss passes to customers at various times depending on the particular terms of the sales contract in force with each individual customer. Common thresholds for when risk of loss passes to the customer are at the time that product is loaded onto the shipping vessel or at the time that product is offloaded at the customer’s receiving location. Revenues are recognized only if collection of the relevant receivable is probable, persuasive evidence of an arrangement exists, and the sales price is fixed or determinable.

Operating Costs

Within operating costs are cost of sales. Cost of sales in the Environmental Services segment includes the costs of the materials the Company sells and provides in its services, such as solvents and other chemicals, cleaning machines sold to customers, transportation of inventory and waste, and payments to third parties to recycle or dispose of the waste materials that the Company collects. The Company’s used solvent that it retrieves from customers in its product reuse program is accounted for as a reduction in net cost of solvent under cost of sales, whether placed in inventory or sold to a purchaser for reuse. If the used solvent is placed in inventory it is recorded at lower of cost or net realizable value. Cost of sales in the Oil Business include the costs paid to customers for used oil, transportation out to customers, and costs to operate the used oil re-refinery, including personnel costs and utilities.

Operating costs also include the Company's costs of operating its branch system and hubs. These costs include personnel costs (including commissions), facility rent and utilities, truck leases, fuel, transportation, and maintenance. Operating costs are not presented separately for products and services.

Inventory

Inventory consists primarily of used oil, processed oil, new and used solvents, new and refurbished parts cleaning machines, drums, catalyst, accessories, and absorbents. 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 performs physical inventory counts on a periodic basis and uses the results of these counts to determine inventory quantities. The quantities are used to help determine the value of our inventory. The Company continually monitors its inventory levels at each of our distribution locations and evaluate 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.

Acquisitions

The Company accounts for acquired businesses using the purchase method of accounting, which requires that the assets acquired, liabilities assumed, and contingent consideration be recorded at the date of acquisition at their respective fair values. It further requires that acquisition-related costs be recognized separately from the acquisition and expensed as incurred and restructuring costs to be expensed in periods subsequent to the acquisition date. The Company records a preliminary purchase price allocation for its acquisitions and finalizes purchase price allocations as additional information relative to the fair values of the assets acquired becomes known.

Identifiable Intangible Assets

The fair value of identifiable intangible assets is based on significant judgments made by management. The Company has engaged third party valuation appraisal firms to assist the Company in determining the fair values and useful lives of the assets acquired. Such valuations and useful life determinations require the Company to make significant estimates and assumptions. These estimates and assumptions are based on historical experience and information obtained from the management of the acquired companies and also include, but are not limited to, future expected cash flows to be earned from the continued operation of the acquired business and discount rates applied in determining the present value of those cash flows. Unanticipated events and circumstances may occur that could affect the accuracy or validity of such assumptions, estimates, or actual results. Acquisition-related finite lived intangible assets are amortized on a straight-line basis over their estimated economic lives. The Company evaluates the estimated benefit periods and recoverability of its intangible assets when facts and circumstances indicate that the lives may not be appropriate and/or the carrying value of the asset may not be recoverable. If the carrying value is not recoverable, impairment is measured as the amount by which the carrying value exceeds its estimated fair value.

Fair Value of Financial Instruments

The Company uses a three-tier fair value hierarchy to classify and disclose all assets and liabilities measured at fair value on a recurring basis, as well as assets and liabilities measured at fair value on a non-recurring basis, in periods subsequent to their initial measurement. These tiers include: Level 1, defined as quoted market prices in active markets for identical assets or liabilities; Level 2, defined as inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, model-based valuation techniques for which all significant assumptions are observable in the market, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and Level 3, defined as unobservable inputs that are not corroborated by market data.

The Company’s financial instruments consist primarily of cash and cash equivalents, trade receivables, trade payables, notes payable, contingent consideration, and term debt. As of March 22, 2014 and December 28, 2013, the carrying values of cash and cash equivalents, trade receivables, trade payables, notes payable, and contingent consideration, are considered to be representative of their respective fair values due to the short maturity of these instruments. Term debt is representative of its fair value due to the interest rates being applied.

Goodwill

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 changes in circumstances indicate that the carrying amount of goodwill may not be recoverable. The Company's determination of fair value requires certain assumptions and estimates, such as margin expectations, growth expectations, expected changes in working capital, etc., regarding future profitability and cash flows of acquired businesses and market conditions. In the fourth quarter of fiscal 2013, the Company tested goodwill for impairment on a quantitative basis and determined that the fair value of each reporting unit substantially exceeded the carrying value of the assets. The Company intends to test goodwill for impairment in the fourth quarter of fiscal 2014.

(3) BUSINESS COMBINATIONS

On June 26, 2013, the Company purchased substantially all of the operating assets of Recycling Fluid Technologies, Inc. (RFTI), which was based in Battle Creek, Michigan. RFTI's business consisted of collecting and recycling waste antifreeze, producing a line of high quality antifreeze products which were sold for use in vehicle engine applications. The Company purchased RFTI for $4.9 million in cash and $1.2 million of the Company's common stock, or 82,000 shares.

On July 19, 2013, the Company purchased substantially all of the operating assets of Recycle Technologies, Inc. (RTI), which was based in Wood Dale, Illinois. RTI's business and operations were very similar to the business and operations of the former RFTI, which is described above. The Company purchased RTI for $2.9 million in cash at the time of closing, $0.4 million in the form of a note payable, and $1.0 million of the Company's common stock or 69,322 shares.

The acquisitions of RFTI and RTI provided the Company with a presence in the antifreeze recycling market.

On November 1, 2013, the Company acquired certain assets and liabilities of the northern territory of RS Used Oil Services, Inc., a subsidiary of Universal Lubricants, LLC ("ULNT/RS"), in exchange for $11.0 million in cash. The Company purchased these service routes in order to add used oil collection volume in Indiana, Ohio, Wisconsin, and parts of Illinois. The Company has retrospectively adjusted amounts with respect to the ULNT/RS acquisition that were recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the measurement of the amounts recognized as of that date. These adjustments are related to the Company's valuation of property and equipment, intangible assets, and goodwill acquired. Such adjustments resulted in a net decrease of less than $0.1 million in property and equipment and an increase of less than $0.1 million to both intangible assets and goodwill. The Company's balance sheet as of December 28, 2013 has been retrospectively adjusted to reflect the adjustments.

The results of RFTI, and RTI are consolidated into the Company's Environmental Services segment subsequent to the closing date. The results of ULNT/RS are consolidated into the Company's Oil Business segment subsequent to the date of closing.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed, net of cash acquired, related to the each acquisition (in thousands):

	RFTI[a]	RTI[a]	ULNT/RS[a]
Accounts receivable	$348	$136	$—
Other current assets	—	—	101
Inventory	211	106	955
Property, plant, & equipment	1,283	793	1,463
Intangible assets	1,590	1,340	6,314

Goodwill	3,027	1,917	2,137
Accounts payable	(91)	—	—
Total purchase price, net of cash acquired	$6,368	$4,292	$10,970
Less: common stock issued	1,230	1,000	—
Less: note issued	—	430	—
Less: working capital adjustment	218	(8)	—
Net cash paid	$4,920	$2,870	$10,970

(a) 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. Final determination of the fair values may result in further adjustments to the values presented above.

Unaudited Pro Forma Financial Information

The pro forma financial information in the table below presents the combined results of the Company as if the acquisitions that occurred in fiscal 2013 had occurred December 30, 2012 (in thousands, except per share data). 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.

	First Quarter Ended, March 23, 2013
Total revenues	$65,276
Net loss	(484)
Loss per share	
Basic	$(0.03)
Diluted	(0.03)

(4) ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following (in thousands):

	March 22, 2014	December 28, 2013
Trade	$28,003	$29,663
Less: allowance for doubtful accounts	1,006	1,121
Trade - net	26,997	28,542
Related parties	2,162	2,045
Other	143	585
Total accounts receivable - net	$29,302	$31,172

The following table provides the changes in the Company’s allowance for doubtful accounts for the first quarter ended March 22, 2014 and the fiscal year ended December 28, 2013 (in thousands):

	March 22, 2014	December 28, 2013
Balance at beginning of period	$1,121	$1,244
Bad debt provision	32	444
Accounts written off, net of recoveries	(147)	(567)
Balance at end of period	$1,006	$1,121

(5) INVENTORY

The carrying value of inventory consisted of the following (in thousands):

	March 22, 2014	December 28, 2013
Used oil and processed oil	$13,379	$12,112
Solvents and solutions	7,660	8,235
Machines	3,062	2,934
Drums and supplies	2,573	2,629
Other	1,505	1,614
Total inventory	28,179	27,524
Less: machine refurbishing reserve	224	217
Total inventory - net	$27,955	$27,307

Inventory consists primarily of used oil, processed oil, new and used solvents, new and refurbished parts cleaning machines, drums, catalyst, accessories, and absorbents. 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.

(6) PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment consisted of the following (in thousands):

	March 22, 2014	December 28, 2013
Buildings and storage tanks [a]	$52,628	$53,106
Machinery, vehicles, and equipment [a]	34,519	33,659
Leasehold improvements [a]	2,948	2,877
Land [a]	835	835
Construction in progress	13,695	11,047
Total property, plant and equipment	104,625	101,524
Less: accumulated depreciation	17,751	16,485
Property, plant and equipment - net	$86,874	$85,039

	March 22, 2014	December 28, 2013
Equipment at customers	$48,467	$47,078
Less: accumulated depreciation	28,631	27,720
Equipment at customers - net	$19,836	$19,358

[a] Numbers include preliminary fair values of assets acquired in the acquisitions described in Note 3 that may be adjusted as additional information becomes known. The amounts for machinery, vehicles, and equipment and leasehold improvements have been retrospectively adjusted as of December 28, 2013 by less than $0.1 million.

Depreciation expense for the first quarters ended March 22, 2014 and March 23, 2013 were $2.2 million and $1.7 million, respectively.

(7) SOFTWARE AND OTHER INTANGIBLE ASSETS

Following is a summary of software and other intangible assets (in thousands):

	March 22, 2014			December 28, 2013		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer & supplier relationships[a]	$10,636	$1,063	$9,573	$10,529	$826	$9,703
Software	4,406	2,868	1,538	4,799	2,815	1,984
Non-compete agreements[a]	2,794	835	1,959	2,794	713	2,081
Patents, formulae, and licenses[a]	1,827	387	1,440	1,825	370	1,455
Other [a]	1,032	156	876	1,008	137	871
Total software and intangible assets	$20,695	$5,309	$15,386	$20,955	$4,861	$16,094

[a] Numbers include preliminary fair values of assets acquired in the acquisitions described in Note 3 that may be adjusted as additional information becomes known. The amount for customer & supplier relationships has been retrospectively adjusted as of December 28, 2013 by less than $0.1 million.

Amortization expense was $0.4 million for the first quarter ended March 22, 2014 and $0.2 million for first quarter ended March 23, 2013. The weighted average useful lives of software; customer relationships; patents, formulae, and licenses; non-compete agreements, and other intangibles were 10 years, 12 years, 15 years, 5 years, and 8 years, respectively.

The expected amortization expense for the remainder of fiscal 2014 and for fiscal years 2015, 2016, 2017, and 2018 is $1.4 million, $1.8 million, $1.6 million, $1.5 million, and $1.4 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) ACCOUNTS PAYABLE

Accounts payable consisted of the following (in thousands):

	March 22, 2014	December 28, 2013
Accounts payable	$20,861	$17,908
Accounts payable - related parties	386	383
Total accounts payable	$21,247	$18,291

(9) DEBT AND FINANCING ARRANGEMENTS

Bank Credit Facility

On February 5, 2013, the Company entered into an Amended and Restated Credit Agreement ("Credit Agreement") that allows for up to $39.0 million in borrowings. As of March 22, 2014 and December 28, 2013, the Company's total borrowings were $19.0 million and $19.3 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 March 22, 2014 and December 28, 2013.

During the first quarter of fiscal 2014, the Company recorded interest of $0.1 million on the term loan and capitalized less than $0.1 million for various capital projects. During the first quarter of fiscal 2013, the Company recorded interest of $0.1 million on the term loan, of which less than $0.1 million was capitalized for various capital projects.

As of March 22, 2014 and December 28, 2013, the Company was in compliance with all covenants under the Credit Agreement. As of March 22, 2014 and December 28, 2013, the Company had $0.3 million of standby letters of credit issued, and $19.7 million was available for borrowing under the bank credit facility. The actual amount available under the revolving loan portion of the Credit Agreement is limited by the Company's total leverage ratio.

Notes Payable

At March 22, 2014 and December 28, 2013, the Company had outstanding notes payable related to business acquisitions of $1.4 million and $1.7 million, respectively, of which $1.0 million and $1.2 million were recorded as current maturities.

The Company's weighted average interest rate for all debt as of March 22, 2014 and March 23, 2013 was 2.0% and 2.5%, respectively.

(10) 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, and antifreeze recycling activities. The Oil Business segment consists of the Company's used oil collection and used oil re-refining activities.

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 first quarters ended March 22, 2014, and March 23, 2013 were as follows (in thousands):

First Quarter Ended,
March 22, 2014

	Environmental Services	Oil Business	Corporate and Eliminations	Consolidated
Revenues				
Product revenues	$4,243	$25,060	$—	$29,303
Service revenues	34,665	1,997		36,662
Total revenues	$38,908	$27,057	$—	$65,965
Operating expenses				
Operating costs	28,879	28,486	—	57,365
Operating depreciation and amortization	1,253	888	—	2,141
Profit (loss) before corporate selling, general, and administrative expenses	$8,776	$(2,317)	$—	$6,459
Selling, general, and administrative expenses			8,843	8,843
Depreciation and amortization from SG&A			485	485
Total selling, general, and administrative expenses			$9,328	$9,328
Other income - net			(51)	(51)
Operating loss				(2,818)
Interest expense – net			53	53
Loss before income taxes				$(2,871)

First Quarter Ended,
March 23, 2013

	Environmental Services	Oil Business	Corporate and Eliminations	Consolidated
Revenues				
Product revenues	$2,670	$23,888	$—	$26,558
Service revenues	32,121	1,328		33,449
Total revenues	$34,791	$25,216	$—	$60,007
Operating expenses				
Operating costs	25,548	26,738	—	52,286
Operating depreciation and amortization	1,081	614	—	1,695
Profit (loss) before corporate selling, general, and administrative expenses	$8,162	$(2,136)	$—	$6,026
Selling, general, and administrative expenses			6,591	6,591
Depreciation and amortization from SG&A			164	164
Total selling, general, and administrative expenses			$6,755	$6,755
Other income - net			(8)	(8)
Operating loss				(721)
Interest expense – net			106	106
Loss before income taxes				