Heritage-Crystal Clean, Inc.
Form 424B5
December 08, 2014
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The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED DECEMBER 8, 2014

Preliminary Prospectus Supplement

(To Prospectus Dated March 3, 2014)

3,100,000 Shares

Heritage-Crystal Clean, Inc.

Common Stock

We are offering 3,100,000 shares of our common stock, par value $0.01 per share. Our common stock is traded on the NASDAQ Global Select Market under the symbol HCCI. On December 5, 2014, the closing sale price of our common stock on the NASDAQ Global Select Market was $13.99 per share.

Investing in our common stock involves certain risks. Before purchasing our common stock, please review the information included in, and incorporated by reference into, the Risk Factors section beginning on page S-30 of this prospectus supplement and page 4 of the accompanying prospectus.

	Per Share	Total

Public offering price	$	$
Underwriting discount	$	$
Proceeds, before expenses, to us	$	$

The underwriters may also purchase up to 465,000 additional shares of our common stock from us at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus supplement to cover over-allotments, if any.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares to purchasers on or about December , 2014.

William Blair **Baird** **Needham & Company**

The date of this prospectus supplement is December , 2014

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ABOUT THIS PROSPECTUS SUPPLEMENT

We are providing information to you about this offering of our common stock in two parts. The first part is this prospectus supplement, which provides the specific details regarding this offering. The second part is the accompanying prospectus, which provides general information, including information about the shares of our common stock. Unless the context indicates otherwise, when we refer to this prospectus, we are referring to both documents combined. Some of the information in the accompanying prospectus may not apply to this offering. If information in this prospectus supplement is inconsistent with the accompanying prospectus, you should rely on the information contained in this prospectus supplement. You should read and consider all information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus before making your investment decision. See Where You Can Find More Information in the accompanying prospectus and Incorporation of Certain Documents by Reference in this prospectus supplement and the accompanying prospectus.

We have not, and the underwriters have not, authorized anyone to provide you with information that is in addition to or different from that contained or incorporated by reference in this prospectus supplement and the accompanying prospectus or in any free writing prospectus. We take no responsibility for, and can provide no assurances as to the reliability of, any other information that others may give you. We are not, and the underwriters are not, offering to sell these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information contained or incorporated by reference in this prospectus supplement or the accompanying prospectus is accurate as of any date other than as of the date of this prospectus supplement or the accompanying prospectus, as the case may be, or in the case of the documents incorporated by reference, the date of such documents regardless of the time of delivery of this prospectus supplement and the accompanying prospectus or any sale of our common stock. Our business, financial condition, results of operations and prospects may have changed since those dates.

Unless the context otherwise requires, references to HCC, we, us, our or the Company refer to Heritage-Crystal Inc. and our subsidiaries. The term you refers to a prospective investor.

PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights selected information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. This information is not complete and does not contain all of the information you should consider before investing in our common stock. You should read the entire prospectus supplement and the accompanying prospectus carefully, especially the matters discussed under Risk Factors beginning on page S-30 and the documents incorporated by reference herein, including the audited consolidated financial statements and related notes included in our Annual Report on Form 10-K for the fiscal year ended December 28, 2013 and unaudited consolidated financial statements and related notes included in our Quarterly Report on Form 10-Q for the fiscal quarter ended September 6, 2014. See Incorporation of Certain Documents by Reference below.

Overview

We provide full-service parts cleaning, containerized waste management, used oil collection, vacuum truck services and antifreeze recycling, and we own and operate a used oil re-refinery. We believe that we are the second largest provider of parts cleaning and hazardous and non-hazardous waste services to small and mid-sized customers in both the manufacturing and vehicle maintenance sectors in North America, and we are the second largest used oil re-refiner by capacity in North America. Through our 77 branch locations, as of September 6, 2014, we provide our services to more than 98,000 customer locations in 43 states. During fiscal 2013, we performed more than 300,000 parts cleaning service calls and we collected approximately 35.6 million gallons of used oil and sold approximately 30.6 million gallons of base oil. We operate our business through our Environmental Services and Oil Business segments. Since our formation in 1999, we have achieved strong financial results. Total revenue has grown from $11.0 million in fiscal 1999 to $283.1 million in fiscal 2013, a compound annual growth rate of 26.1%, and our EBITDA was $18.0 million for fiscal 2013.

On October 16, 2014, we acquired the outstanding stock of FCC Environmental LLC and International Petroleum Corp. of Delaware (together, FCC Environmental) from Dédalo Patrimonial S.L.U. for $90.0 million in cash, subject to customary post-closing adjustments (the Acquisition or the FCC Environmental Acquisition). In 2013, FCC Environmental was the second largest collector of used oil by volume in the United States. FCC Environmental also offers oily water disposal and treatment, parts cleaning, vacuum services, antifreeze recycling, oil filter recycling, on-site cleaning and waste management services to approximately 30,000 commercial and industrial customers in 21 states in the South and along the Eastern seaboard of the United States.

Environmental Services Segment

Our Environmental Services segment consists of our parts cleaning, containerized waste management, vacuum truck services, and antifreeze recycling activities. These services allow our customers to outsource their handling and disposal of parts cleaning solvents as well as other hazardous and non-hazardous waste. Our customers frequently need to remove grease and dirt from machine and engine parts. Typical customers include businesses involved in vehicle maintenance operations, such as car dealerships, automotive repair shops and trucking firms, as well as small manufacturers, such as metal product fabricators and printers. Based on 2007 data from the U.S. Census Bureau, we estimate that there are more than 800,000 such firms in the United States. The materials we handle are subject to extensive and complex regulations, and mismanagement can result in citations, penalties and substantial direct costs. We allow our customers to focus more on their core business and devote fewer resources to industrial and hazardous waste management and, more specifically, to the related administrative burdens. We believe that these services are highly attractive to small and mid-sized customers, which we define as companies that generally spend less than $50,000 per year on industrial and hazardous waste

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services. These small and mid-sized customers typically have limited administrative infrastructure and therefore have needs that are often highly differentiated from those of larger accounts. Such differentiated needs include waste manifest and drum label preparation and regularly-scheduled service visits to check inventories and remove accumulated waste. We believe that our company is structured to meet these particular needs.

In each of our services, we have adopted innovative approaches to minimize the regulatory burdens for our customers, and we have designed our services to provide ease of use to our customers. Our company has pioneered two different programs (non-hazardous waste and product reuse) whereby our customers used solvent may be excluded from the U.S. Environmental Protection Agency s, or the EPA s, definition of hazardous waste. These two programs not only simplify the management of used solvent generated by our customers, but also reduce the total volume of hazardous waste generated at many of our customers locations. This can allow the customer to achieve a lower generator status with the EPA and thereby reduce their overall regulatory burden, including reduced reporting obligations and inspections.

In our non-hazardous program, we provide our customers an alternative parts cleaning solvent not included in the definition of hazardous waste due to its increased flashpoint (the minimum temperature at which vapors from the solvent will ignite when tested under specified laboratory conditions). In our product reuse program, we sell used solvent as an ingredient for use in the manufacture of asphalt roofing materials.

Our focus on providing ease of use for our customers is also part of our containerized waste, vacuum service, antifreeze service and field services offerings. As part of our containerized waste and vacuum service programs, we assist our customers in identifying and characterizing their regulated wastes as well as providing the proper labeling and shipping documentation for their regulated materials. Our antifreeze recycling service offers our customers a fully-compliant method to safely manage their used antifreeze while providing a high-quality, environmentally friendly, remanufactured product. Similarly, our field services, some of which we obtained in our acquisition of FCC Environmental, allow our customers to focus on their core business activities while we manage non-core activities such as tank cleanings and spill clean-up.

Oil Business Segment

The Oil Business segment consists of our used oil collection and used oil re-refining activities. Through used oil re-refining, we recycle used oil into high quality lubricant base oil and by-products, and we are a supplier to firms that produce and market finished lubricants. As of September 6, 2014, prior to our acquisition of FCC Environmental, our Oil Business segment had 140 active trucks providing service from 73 branch locations to collect used oil from automotive shops and industrial plants. Traditionally, the used oil we collect had been resold as an industrial fuel or as feedstock for other companies that use it in a recycling process. Through our used oil re-refinery in Indianapolis, Indiana, we re-refine used oil, which we collect from our customers or purchase from other oil collection service providers, into lubricating base oil, which we sell to firms who then blend, package, and market lubricants. At full startup in 2012, our re-refinery had an annual nameplate input capacity of 50 million gallons of used oil feedstock, which allowed it to annually produce about 30 million gallons of lubricating base oil when operating at full capacity. As of June 14, 2014, we had increased our annual nameplate capacity to 65 million gallons of used oil feedstock and plan to further expand the annual nameplate capacity of the re-refinery to 75 million gallons. Following the FCC Environmental Acquisition, the volume of used oil that we collect should exceed the feedstock capacity of our re-refinery. Further, we will now be selling into three channels in the oil business: lubricating base oil, vacuum gas oil, and recycled fuel oil.

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Competitive Strengths

We believe that we are the second largest provider of parts cleaning and hazardous and non-hazardous waste services to small and mid-sized customers in both the manufacturing and vehicle maintenance sectors in North America, and we are the second largest used oil re-refiner by capacity in North America. From our base of 77 branch locations as of September 6, 2014, we implement an organized and disciplined approach to increasing our market share, taking advantage of the following competitive strengths:

Excellent Customer Service

Since our founding, we have instilled a standardized, sales-oriented approach to our customers across our branch network. Our branch personnel are focused on local sales and service delivery, and a significant portion of their compensation is linked to sales growth and new business development. In order to achieve this sales growth, our personnel understand that they must retain existing business, which is best achieved by providing a very high level of customer service which can lead to cross-selling opportunities and referrals to new prospects. During fiscal 2013, approximately 88.1% of our revenue was generated from customers that we also served during fiscal 2012.

Cost-Efficient Branch Rollout Model

Our branch model allows us to consolidate operational and administrative functions not critical to sales and service at either a regional hub or at our headquarters. This model has been the foundation for our new branch rollout as we have expanded from 14 to 77 branches, and we expect to extend this model to new locations. Furthermore, as we grow within each branch, we improve our route density, which is an important contribution to profitability in our business. Due to the geographic overlap between the legacy Heritage-Crystal Clean service territory and the legacy FCC Environmental service territory, we expect to significantly improve the average density of both our oil collection routes and our vacuum services and parts cleaning/containerized waste routes.

Large Branch Network

We have spent over a decade building up and developing a large network of branches that has enabled us to rapidly grow our environmental services and used oil collection services efficiently and cost effectively. Our investments in this network help us to rapidly open new branches and cross-sell products and services through existing branches.

Large and Highly Diverse Customer Base

Our focus on small and mid-sized businesses has enabled us to attract a variety of customers engaged in a range of businesses spread across the spectrum of the manufacturing, vehicle service, and transportation industries, which helps insulate us from disruption caused by the possible loss of a single large account. Our customer base consists of over 98,000 active customer locations. In fiscal 2013, our largest single customer in our Environmental Services segment represented 0.6% of our consolidated revenue, and our largest ten customers represented approximately 2.9% of our consolidated revenue. In the Oil Business segment, revenue from one customer accounted for 5.0% of our consolidated revenue for fiscal 2013, and our largest ten customers represented 25.6% of our consolidated revenue for fiscal 2013.

Experience in Re-Refining Technology

Our management team has substantial experience in the development and operation of used oil re-refineries, as several members of our management team were significant contributors in the development of approximately

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two-thirds of the used oil re-refining capacity in North America. Our team is able to design and construct re-refining capacity for a comparatively low capital cost. In 2012, we began operating our used oil re-refinery which had an original annual nameplate capacity of 50 million gallons of used oil. As of June 14, 2014, we had increased our annual nameplate capacity to 65 million gallons of used oil feedstock and plan to expand the annual nameplate capacity of the re-refinery to 75 million gallons. We were able to construct the original re-refining capacity for approximately $54 million, or approximately $1 per gallon of capacity. We expect to complete the expansion from 50 million to 75 million gallons of annual capacity for approximately $1 of capital cost per gallon of annual capacity.

Innovative Services that Reduce Customers Regulatory Burdens

We have designed our service programs to meet the needs of our target customers. In particular, these customers desire to minimize their regulatory compliance burdens, and we have developed innovative methods to help our customers achieve this objective. For example, we have created parts-cleaning service programs which each exempt our customers from certain hazardous waste regulations and filing requirements:

Non-hazardous Program. In our non-hazardous program for parts cleaning, we provide our customers with an alternative solvent that is not included in the EPA s definition of hazardous waste due to its increased flashpoint, and we educate each participating customer to prevent harmful contaminants from being added to the solvent during use. Because of the reduced solvent flammability, as long as the customer does not add toxic or flammable contaminants during use, neither the clean solvent that we supply nor the resulting used solvent generated by customers participating in the program is classified as hazardous waste by the EPA and, as a result, can be managed as non-hazardous waste. To participate in this program, our customers must provide certification that no hazardous wastes have been added to the parts cleaning solvent. After we collect the used solvent from customers participating in our non-hazardous program for parts cleaning, we recycle it via distillation for re-delivery to our parts cleaning customers. The recycling process removes oil, water, and other impurities, resulting in solvent suitable to be re-used by our customers for parts cleaning. At the same time, this process minimizes the burdensome hazardous waste regulations faced by our customers and allows us to minimize our virgin solvent purchases. Our solvent recycling system located at the site of our Indianapolis used oil re-refinery is capable of recycling up to six million gallons per year of used solvent generated by customers participating in our non-hazardous program. This provides significant capacity in excess of our current requirements.

Product Reuse Program. Rather than managing used solvent as a waste, we have developed a program that uses the solvent as an ingredient in the manufacture of asphalt roofing materials. Used solvent generated by customers participating in our product reuse program for parts cleaning is sold as a direct substitute for virgin solvent that is otherwise used in the asphalt manufacturing process. Because the used solvent is destined for reuse, it is not deemed a waste, and therefore it is not subject to hazardous waste regulations. To enhance the marketing of these programs, in the past 20 years we and our predecessor Heritage Environmental Services have voluntarily obtained concurrence letters from more than 30 state environmental agencies to validate this approach.

Aqueous Program. In addition to our petroleum-based solvent, we offer a full suite of proprietary aqueous-based parts cleaning solutions, including our patented aqueous parts cleaning equipment and patented filtration technology for water-based fluids, which we believe is the most comprehensive

aqueous-based solutions offering in the industry. After our customer is finished using the solution, we remove the used solution and almost exclusively manage it as non-hazardous waste. Similar to the two solvent-based programs described above, our customers used cleaning material will not be included in the EPA s definition of a hazardous waste, which helps reduce our customers regulatory burdens. In addition, our patented Aqua Filtration Unit provides our customers with an innovative method to remove contaminants from their water-based fluids.

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Experienced Management Team

Our management team has substantial experience in the industry and possesses particular expertise in the small to mid-sized customer segment. Our senior managers have on average more than 30 years of industry experience and our middle managers have on average more than 20 years of industry experience. Many of our managers held key positions with our largest competitor, Safety-Kleen (now a wholly-owned subsidiary of Clean Harbors, Inc.), between 1986 and 1998, during which time Safety-Kleen grew from $255 million to over $1.0 billion in annual revenue.

Growth Strategies

We intend to grow by providing environmental solutions that meet the needs of our customers. We have several different strategies to accomplish this goal, including:

Same-Branch Sales Growth

We seek to generate year-over-year growth in existing markets by obtaining new customers and by cross-selling multiple services to existing customers, including customers newly acquired through our acquisition of FCC Environmental. Our sales and marketing strategy includes providing significant incentives to our field sales and service personnel to find and secure new business. These incentives include commission compensation for individuals and managers as well as prize awards and contests at the individual and team level. Our company culture is designed to consistently emphasize the importance of sales and service excellence and to build and maintain enthusiasm that supports continued sales success. Additionally, we intend to drive profitability by leveraging fixed costs against incremental sales growth at our existing branches. Consolidation of legacy Heritage-Crystal Clean and legacy FCC Environmental branches should allow us to further leverage the fixed costs of our combined branch operations. In addition, implementing our integrated sales and service approach with legacy FCC Environmental service representatives will increase the number of personnel involved in sales.

Expanded Service Offerings

Of our 77 branches prior to the Acquisition, 76 currently offer parts cleaning and containerized waste management services, 73 offer used oil collection services, and 39 offer vacuum truck services. As our business grows and we achieve sufficient market penetration, we believe that we have the opportunity to expand our vacuum truck services to each branch location. We also have other new business programs in various stages of development which have the potential to be offered through our branch locations in the future.

Geographic Expansion

We currently operate from 77 legacy HCC branch locations that offer all or portions of our service menu to customers in 43 states and the District of Columbia and parts of Ontario, Canada. We have historically been able to install new branches at a relatively low cost, although installation of branches in the Western U.S. is relatively more costly. Within the contiguous United States and Canada, we believe that there are opportunities to open more branches and provide convenient local service to additional markets. In the future, we believe that there will be opportunities to offer our services in international markets as well.

FCC Environmental Acquisition Integration

Through our recent acquisition of FCC Environmental, we have been able to greatly accelerate a number of our growth strategies. Prior to the Acquisition, our footprint included 77 branches, while FCC Environmental had

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34 facilities. The FCC Environmental customer base will provide additional sales penetration opportunities in existing markets from Texas through the southeastern U.S. and northward up the East coast of the United States. The geographic overlap of the legacy Heritage-Crystal Clean and FCC Environmental service territories provides the Company with the opportunity to consolidate branches and increase route density in all of our existing businesses. We expect that facility consolidation and route density improvements resulting from the Acquisition will enable us to better leverage the fixed costs of the business.

Selectively Pursue Acquisition Opportunities

Our management team has significant experience in identifying and integrating acquisition targets. For over a decade, we have acquired and integrated the assets of several small competitors. Given the number of small competitors in our business, there are generally multiple acquisition opportunities available to us at any given time. In fiscal 2013, we made various strategic acquisitions to help grow our aqueous and used oil collection lines of business and to enter the antifreeze recycling business. As described in more detail below under FCC Environmental Acquisition, in October 2014, we acquired FCC Environmental, a significant collector of used oil and provider of environmental services in the United States, for total consideration of $90.0 million. Our growth plan is not dependent on acquisitions, but we will continue to pursue acquisitions that leverage our established infrastructure.

FCC Environmental Acquisition

On October 16, 2014, we acquired the outstanding stock of FCC Environmental LLC, a Delaware limited liability company, and International Petroleum Corp. of Delaware, a Delaware corporation (together, FCC Environmental), from Dédalo Patrimonial S.L.U. for $90.0 million in cash, subject to customary post-closing adjustments. Upon completion of the Acquisition, the name of FCC Environmental LLC was changed to HCC Corporation, LLC. The transaction is our largest acquisition to date. The Acquisition was financed with available cash and $74.1 million of borrowings under our Credit Agreement, which was amended in connection with the Acquisition, as discussed below.

FCC Environmental s audited carve-out combined financial statements for the years 2011, 2012 and 2013 and its unaudited carve-out combined financial statements as of and for the six months ended June 30, 2014 and June 30, 2013 are included on our Current Report on Form 8-K/A, filed with the SEC on December 2, 2014 and are incorporated by reference herein; see Incorporation of Certain Documents by Reference below.

In 2013, FCC Environmental was the second largest collector of used oil by volume in the United States. It also offered oily water disposal and treatment, parts cleaning, vacuum services, antifreeze recycling, oil filter recycling and on-site cleaning and waste management services to approximately 30,000 commercial and industrial customers. FCC Environmental services customers through 34 facilities in 21 states located from Texas through the Southeastern U.S. and up the East coast. In calendar year 2013, FCC Environmental had revenue of $162 million and collected or purchased approximately 54 million gallons of used oil from oil-change businesses, automotive dealerships, heavy equipment and other vehicle maintenance operations, manufacturers, other industrial businesses and third party used oil collectors.

On October 16, 2014, in connection with the Acquisition, we entered into a First and Second Amendment (collectively, the Amendments) to our Amended and Restated Credit Agreement with Bank of America, N.A. dated February 5, 2013 (the Credit Agreement). The Amendments provide for borrowings of up to $140.0 million, of which $80.0 million is available in the form of Term A loans. The actual amount available under the revolving loan portion of the Credit Agreement is limited by the Company s total leverage ratio. As of October 16, 2014, the Company had $12.0 million outstanding under the revolving loan portion and

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$80.0 million pursuant to a Term A Loan. The Term A loans will mature on February 5, 2018. The remaining portion of the available borrowings is available in the form of a Revolving Loan. Amounts borrowed under the Credit Agreement are secured by a security interest in substantially all of the Company s tangible and intangible assets. As of October 16, 2014, the effective interest rate on the Term A loans was 3.15%, and the effective rate on the revolving loan was 5.25%. Additional information regarding the Credit Agreement and the Amendments can be found in our Current Report on Form 8-K filed with the SEC on October 16, 2014; see Incorporation of Certain Documents by Reference below.

Strategic Benefits of FCC Environmental Acquisition

The FCC Environmental Acquisition has provided us with a number of strategic benefits, which we expect to accelerate our current growth profile, enhance our profitability and provide significant synergies:

The primary focus of FCC Environmental s business has historically been to support used oil collection and disposition operations. With 54 million gallons per year of used oil collected from customers and purchased from other oil collection service providers, FCC Environmental was the second largest collector of used oil by volume in the U.S. Because of the significant overlap with many of our markets, we anticipate being able to consolidate facilities and increase the route density and efficiency of our collection network to improve financial performance and productivity. We expect to optimize the collection of feedstock for our re-refinery and continue to sell into FCC Environmental s traditional oil customer base of industrial burners and used oil processors (e.g. Vacuum Gas Oil (VGO) producers or used oil re-refiners). We intend to focus on improving the density of our used oil collection routes and increasing the average volume of used oil collected per truck.

We estimate that a combination of facility consolidations, headcount reductions, transportation savings and other efficiencies will generate approximately $20 million in annual cost synergies, approximately $14 million of which we expect to realize within the first year of our ownership, not including approximately $6 million of one-time costs to achieve these synergies.

Given similar customer profiles, we believe there is a meaningful opportunity to cross-sell the Company s legacy Environmental Services segment offerings, such as parts cleaning, to the legacy FCC Environmental customer base. While FCC Environmental did offer similar services prior to the acquisition, the penetration rate of these services was much lower than ours. We estimate that FCC Environmental has approximately 7,000 installed parts cleaning machines at customer locations, which generate lower service revenue than typically realized at HCC standard rates. We believe that we can increase the service revenue generated from these sites and increase sales of our Environmental Services segment offerings.

In addition to the parts cleaning opportunity, prior to the Acquisition, FCC Environmental did not have a cohesive containerized waste management program, which is our second largest business line within our Environmental Services segment. Many of FCC Environmental s core customers have a need for these services and would benefit from the consolidation of service providers.

FCC Environmental brings us an attractive Field Services offering which we did not previously offer. Using a team of specialized employees, FCC Environmental is able to offer one-time complex project services, such as tank cleaning and bulk hazardous material movement, either on a fully contracted or outsourced basis. Many of HCC s legacy customers have a need for similar services and are utilizing other service providers. As a result, we believe there is a meaningful opportunity to increase sales from existing HCC customers through our new Field Services offering.

FCC Environmental s bulk transport and processing facilities, both for used oil and oily water, significantly expand our options for disposal of collected volumes and allow us to further optimize our operations to maximize profitability. As an example, FCC Environmental has barge transport

capabilities in the ports of New Orleans, Louisiana; Houston, Texas; and Bayonne, New Jersey, which provide us with the ability to sell recycled fuel oil, or RFO, to large consumers of liquid fuel. In addition, FCC Environmental has significant excess processing and treatment capacity at certain plants, with the ability to handle additional volume of oily water, vacuum waste, antifreeze and other products we collect.

FCC Environmental Business Overview

FCC Environmental provides used oil collection and recycling as well as additional environmental services to its customers. Its used oil collection and recycling business accounted for approximately 66% of its 2013 revenue. After it collects used oil, FCC processes most of its collected used oil by dewatering via thermal treatment and mechanical filtration. The processed used oil is sold as recycled fuel oil to industrial burners, or as feedstock for re-refiners and other used oil processors.

In addition to the collection and recycling of used oil, FCC Environmental has leveraged its core competencies and service network to provide the following additional services:

- Collection and transportation of oily water and liquid vacuum services waste from customer sites to its processing facilities. The used oil present in the waste stream is separated from the water and the waste water is then treated and eventually discharged according to the standards in the applicable discharge permits. The residual oil is processed and sold. In 2013, FCC Environmental processed approximately 55 million gallons of oily water and vacuum waste per year, and it has the capacity to process approximately 90 million gallons of oily water and vacuum waste per year.

- Providing parts cleaner equipment and mineral spirits as part of a turn-key parts cleaning service.

- Collection and recycling of spent antifreeze, which FCC Environmental remanufactured and sold as either antifreeze products under the SureTemp brand name or as ethylene glycol.

- Collection and recycling of used oil filters.

- On-site or field services providing labor and equipment for various environmental projects that require equipment cleaning and the removal and proper management of fluid waste. Typical projects included the cleaning of above ground storage tanks, sumps, separators, ship-to-shore fluid transfers and other environmental remediation services. FCC Environmental typically serves as contractor and engages contract labor or outsourced labor to provide its field services.

The financial data of FCC Environmental and the pro forma financial statements included and incorporated by reference in this prospectus supplement have been prepared by, and are the responsibility of, our management. Our independent registered public accounting firm has not audited or reviewed this financial data and does not express an opinion or any other form of assurance with respect thereto. The financial information is not necessarily indicative of any future period and should be read together with Risk Factors, Cautionary Note Regarding Forward-Looking Statements, Summary Carve-Out Combined Financial and Operating Data FCC Environmental and FCC Environmental s carve-out combined financial statements and related notes, which are incorporated herein by reference.

Recent Developments

Overall, based on commodity prices as of November 24, 2014, we anticipate that revenue for the fourth quarter of 2014 is likely to be in the range of $115 million to $125 million, and that negative EBITDA for the fourth quarter of 2014 is likely to be in the range of $(5.7) million to $(3.7) million. Excluding the impact of

(a) the unplanned re-refinery shutdown, (b) the decline in the value of our inventory due to changing market prices, (c) the costs related to the FCC Environmental acquisition and integration, and (d) non-cash compensation expense, the Company anticipates that adjusted EBITDA for the fourth quarter of 2014 would be in the range of $3.8 million to $5.8 million. Assuming a stable crude pricing environment and normal operation of our re-refinery, we would expect revenue for the fiscal year 2015 to be in the range of $405 million to $445 million with EBITDA in the range of $35 million to $45 million. Excluding the impacts of (a) the costs related to the FCC Environmental integration and (b) non-cash compensation expense, the Company anticipates adjusted EBITDA for the fiscal year 2015 will be in the range of $42 million to $53 million.

This preliminary financial information for the fourth quarter ending January 3, 2015 and for the fiscal year ending January 2, 2016 is based upon our estimates and subject to completion of our financial closing procedures. Moreover, the data has been prepared solely on the basis of available information and has been formulated based on the market index price of Brent crude oil and the market prices of lubricating base oil and crude oil as of November 24, 2014, and any subsequent decline in the market index prices could adversely affect our actual operating results. The data has been prepared by, and is the responsibility of, management. Our independent registered public accounting firm, Grant Thornton LLP, has not audited or reviewed, and does not express an opinion with respect to, this data. This preliminary financial information is not a comprehensive statement of our financial results for this period, and our actual results may differ materially from these estimates due to the completion of our financial closing procedures, final adjustments, completion of the audit of our financial statements, and other developments that may arise between now and the time the audit of our financial statements is completed. Our actual results for the fourth quarter ending January 3, 2015 and fiscal year ending January 2, 2016 will not be available for some time. There can be no assurance that these estimates will be realized, and estimates are subject to risks and uncertainties, many of which are not within our control. We do not undertake any obligation to update this preliminary financial information. See Cautionary Note Regarding Forward-Looking Statements and Risk Factors Risks Relating to Our Business Our operating margins and profitability may be negatively impacted by the volatility and recent declines in crude oil, solvent, fuel, energy, and commodity prices included elsewhere in this prospectus supplement.

Unplanned Re-Refinery Plant Shutdown

During October 2014, our Indianapolis used oil re-refinery experienced an unplanned shutdown resulting in the curtailment of the operation of our hydrotreater for approximately two weeks with a corresponding reduction in our production of lube base oil and other re-refinery products. As a result, we expect our revenue for the Oil Business segment in the fourth quarter of 2014 will be approximately $4.4 million less than it would have been if the re-refinery had operated at full capacity. The shutdown of the re-refinery led to losses related to the interruption of our base lube oil production and sales as well as losses for repairs at the facility. We carry insurance intended to cover these exposures, subject to certain limits and deductibles. It is our current expectation that the net costs to the Company of this event will be approximately $2.2 million pre-tax. We anticipate that a majority of the costs incurred related to the unplanned shutdown will be recoverable from insurance, although we can provide no assurance that we will be successful in obtaining such recovery.

Inventory Charge Related to Lower Crude Oil Prices

During the fourth quarter of 2014, the price of crude oil and related commodities has fallen sharply. At the start of our fourth fiscal quarter (September 7, 2014), the market price of Brent crude oil was approximately $102 per barrel, and by November 24, 2014, the market price of Brent crude oil was approximately $80 per barrel, a decline of $22 per barrel (or $0.52/gallon). This decline in the value of crude oil has in turn led to declines in the prices of base lube oil and other oil products. We were already engaged in a program to reduce the price paid to generators for used oil, and during the fourth quarter we have aggressively increased this effort. As of November 24, 2014, we had reduced the

average price we pay for used oil to both the historic HCC generators and the historic FCC Environmental generators by approximately $0.35 per gallon compared to the start of the quarter. For the historic HCC generators, as of November 24, 2014, we had reduced the average price we pay for

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used oil by over $0.40 per gallon compared to the start of fiscal 2014. In addition, we have already implemented changes that we expect will further reduce these prices by the end of the fourth quarter, although we can provide no assurance that such changes will successfully reduce used oil prices in a timely manner, or at all.

The decline in value of crude oil, liquid hydrocarbon fuels, and used oil will have an impact on our inventory, which is valued at the lower of cost or market. The terms of our acquisition of FCC Environmental include a post-closing purchase price adjustment to revalue the acquired inventory based on the average market price for the twenty business days following the closing, and we believe that we are entitled to seek a credit back on the purchase price, which should offset a portion of the decline in value for the acquired FCC Environmental inventory, although we can provide no assurance that we will be reimbursed as contemplated. The historic HCC inventory is not hedged, and we anticipate that if the prices of crude oil, lubricating base oil, and related commodities were to remain at November 24, 2014 levels through the end of our fourth quarter of fiscal 2014, our historic HCC inventory value would be reduced by approximately $3.6 million in the quarter, with a corresponding charge against pre-tax income. If the market index price of Brent crude oil continues to decline and remains below November 24, 2014 levels, we expect to take an additional inventory write-down charge of approximately $0.8 million for each $4.20 per barrel decline in the market index price from the November 24, 2014 value of $102 per barrel. By December 5, 2014, the market price of Brent crude oil was $70 per barrel. If the market index price of Brent crude oil continues to decline and remains below November 24, 2014 levels, we intend to manage the spread between our procurement costs and the selling price of our oil products so as to minimize any additional negative impact on our EBITDA, although we can provide no assurance that our efforts will be successful in this regard. In addition, our other preliminary financial information for the fourth quarter of fiscal 2014 and projected financial information for fiscal 2015 included herein may be materially adversely affected by any further decline in the market prices of Brent crude oil and other commodities. See Risk Factors Risks Relating to Our Business Our operating margins and profitability may be negatively impacted by the volatility and recent declines in crude oil, solvent, fuel, energy, and commodity prices included elsewhere in this prospectus supplement.

FCC Environmental Acquisition and Integration-Related Charge in Fiscal Q4 2014

We incurred significant accounting, legal, and other advisory expenses to complete the FCC Environmental Acquisition and continue to incur additional costs to integrate the two legacy businesses. During the fourth quarter of fiscal 2014, we anticipate that we will record expenses of $3.1 million related to the Acquisition and integration of FCC Environmental.

Reconciliation of Preliminary Net Income Guidance Determined in Accordance with U.S. GAAP to Preliminary Earnings Before Interest, Taxes, Depreciation & Amortization (EBITDA) Guidance

(In Thousands)
(Unaudited)

	Fourth Quarter of Fiscal 2014	**Fiscal 2015**
Net (loss) income	($ 4.9 - 7.4 million)	$ 5.7 - 7.3 million
Interest expense net	$ 0.6 - 0.9 million	$ 2.3 - 2.9 million
(Benefit of) Provision for income taxes	($ 3.4 - 5.2 million)	$ 3.8 - 4.8 million
Depreciation and amortization	$ 4.0 - 6.0 million	$ 23.2 - 30.0 million

EBITDA(*)	($ 3.7 - 5.7 million)	$ 35.0 - 45.0 million
Write down of oil inventory	$ 3.6 million	$
Acquisition and integration costs of FCC Environmental	$ 3.1 million	$ 5.0 - 6.0 million
Additional costs due to unplanned shut down of re-refinery	$ 2.2 million	
Non-cash compensation	$ 0.6 million	$ 2.0 million
Adjusted EBITDA(*)	$ 3.8 - 5.8 million	$ 42.0 - 53.0 million

* EBITDA represents net income before provision for income taxes, interest income, interest expense, depreciation and amortization. We have presented EBITDA because we consider it an important supplemental measure of our performance and believe it is frequently used by analysts, investors, our lenders and other interested parties in the evaluation of companies in our industry. Management uses EBITDA as a measurement tool for evaluating our actual operating performance compared to budget and prior periods. Other companies in our industry may calculate EBITDA differently than we do. EBITDA is not a measure of performance under U.S. GAAP and should not be considered as a substitute for net income prepared in accordance with U.S. GAAP. EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under U.S. GAAP. Some of these limitations are:

EBITDA does not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments;

EBITDA does not reflect interest expense or the cash requirements necessary to service interest or principal payments on our debt;

EBITDA does not reflect tax expense or the cash requirements necessary to pay for tax obligations; and

Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA does not reflect any cash requirements for such replacements.

We compensate for these limitations by relying primarily on our U.S. GAAP results and using EBITDA only as a supplement.

Corporate Information

Heritage-Crystal Clean, Inc. was incorporated under the laws of the State of Delaware on June 13, 2007. Our corporate and executive offices are located at 2175 Point Boulevard, Suite 375, Elgin, Illinois 60123, and our telephone number at that address is (847) 836-5670. Our website is located at www.crystal-clean.com. The information contained in our website is not a part of and shall not be deemed incorporated by reference in this prospectus.

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The Offering

Common stock offered by us:	3,100,000 Shares
Common stock outstanding after the offering:	21,601,374 Shares
NASDAQ Global Select Market symbol:	HCCI
Use of proceeds:	We estimate that the net proceeds from the sale of shares of our common stock in this offering will be approximately $40.3 million (or approximately $46.4 million if the underwriters exercise their over-allotment option in full), based on the assumed public offering price of $13.99 per share (the closing price of our common stock on the NASDAQ Global Select Market on December 5, 2014), after deducting the underwriting discount and commissions and estimated offering expenses. We intend to use $11.0 million of the net proceeds from the offering to pay down borrowings made in connection with our acquisition of FCC Environmental and $8.0 million to complete the expansion of our used oil re-refinery, with the remaining net proceeds to be used for general corporate purposes, including the potential additional repayment of debt. See Use of Proceeds.
Risk factors:	See Risk Factors and other information included in this prospectus supplement and the accompanying prospectus for a discussion of factors you should carefully consider before deciding whether to invest in shares of our common stock.

The share information above is based on 18,501,374 shares of common stock outstanding as of November 30, 2014 and excludes:

534,428 shares of our common stock issuable upon exercise of options outstanding under our 2008 Omnibus Stock Incentive Plan as of November 30, 2014 at a weighted average exercise price of $10.97;

172,996 shares of unvested restricted stock as of November 30, 2014 granted to our directors and management under our 2008 Omnibus Stock Incentive Plan; and

649,387 and 12,125 shares of common stock reserved for future issuance under our 2008 Omnibus Stock Incentive Plan and our Employee Stock Purchase Plan of 2008, respectively, and 125,000 additional shares

of common stock proposed to be made available under our Employee Stock Purchase Plan of 2008.

Unless we indicate otherwise, the information in this prospectus supplement assumes that the underwriters will not exercise their over-allotment option to purchase up to 465,000 additional shares of our common stock.

In addition, The Heritage Group, our largest stockholder (Heritage), Fred Fehsenfeld, Jr., the Chairman of our Board and an affiliate of Heritage, and certain related trusts of Mr. Fehsenfeld may elect to purchase shares in this offering.

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Summary Consolidated Financial and Operating Data Heritage-Crystal Clean

The following table shows our summary consolidated income statement and other financial and operating data for fiscal years 2011, 2012, and 2013 and for the first three quarters of fiscal years 2013 and 2014 and our summary consolidated balance sheet data as of December 28, 2013 and as of September 6, 2014. Our fiscal year ends on the Saturday closest to December 31. Fiscal 2014 represents the 53-week period ending January 3, 2015. Fiscal 2013 represents the 52-week period ended December 28, 2013. Fiscal 2012 represents the 52-week period ended December 29, 2012. Fiscal 2011 represents the 52-week period ended December 31, 2011. The summary consolidated income statement and other financial data for fiscal years 2011, 2012 and 2013 are derived from our audited consolidated financial statements prepared in accordance with U.S. generally accepted accounting principles, which are incorporated herein by reference. Our historical results are not necessarily indicative of our results for any future period.

This information should be read in conjunction with our Annual Report on Form 10-K for the year ended December 28, 2013, including the Management s Discussion and Analysis of Financial Condition and Results of Operations, and our audited consolidated financial statements and related notes appearing in such report, which are incorporated herein by reference.

	Fiscal Year			First Three Quarters Ended	
	2011	2012	2013	September 7, 2013	September 6, 2014
				(Unaudited)	
	(Dollars in thousands, except per share data)				
STATEMENT OF OPERATIONS DATA:					
Revenue	$ 152,858	$ 252,491	$ 283,136	$ 191,160	$ 221,962
Operating Expenses					
Operating Costs	124,000	213,568	234,638	160,185	183,478
Selling, general, and administrative expenses	20,715	26,194	30,274	20,691	25,332
Depreciation and amortization	5,657	8,141	9,524	6,246	7,911
Other expense net	(10)	6	210	231	357
Operating income	2,496	4,582	8,490	3,807	4,884
Interest expense	37	585	417	310	110
Income before income taxes	2,459	3,997	8,073	3,497	4,774
Provision for income taxes	985	1,743	3,428	1,526	2,011
Net income	$ 1,474	$ 2,254	$ 4,645	$ 1,971	$ 2,763
Net income per share: basic	$ 0.10	$ 0.13	$ 0.25	$ 0.10	$ 0.15