

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
MARCH 31, 1997

Commission File Number 0-16379

CLEAN HARBORS, INC.
(Exact name of registrant as specified in its charter)

Massachusetts	04-2997780
(State of Incorporation)	(IRS Employer Identification No.)
1501 Washington Street, Braintree, MA	02185-0327
(Address of Principal Executive Offices)	(Zip Code)
(617) 849-1800 ext. 4454	
(Registrant's Telephone Number, Including Area Code)	

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 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	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
-----		-----	

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	9,920,459
-----	-----
(Class)	(Outstanding at May 6, 1997)

CLEAN HARBORS, INC. AND SUBSIDIARIES

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CLEAN HARBORS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
UNAUDITED
(in thousands except for earnings per share amounts)

	THREE MONTHS ENDED MARCH 31,	
	1997	1996
Revenues	\$ 40,374	\$ 45,736
Cost of revenues	31,488	34,882
Selling, general and administrative expenses	8,199	9,174
Depreciation and amortization	2,363	2,527
	-----	-----
Loss from operations	(1,676)	(847)
Other income (net)	800	--
Interest expense (net)	2,259	2,139
	-----	-----
Loss before provision for income taxes	(3,135)	(2,986)
Benefit from income taxes	(1,152)	(1,344)
	-----	-----

Net loss	\$ (1,983)	\$ (1,642)
	=====	=====
Net loss per common share	\$ (.21)	\$ (.18)
	=====	=====
Weighted average common shares outstanding (000's)	9,817	9,560
	=====	=====

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

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CLEAN HARBORS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (in thousands)

	MARCH 31, 1997 (Unaudited)	DECEMBER 31, 1996
	-----	-----
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 7,030	\$ 1,366
Restricted investments	1,882	8,190
Accounts receivable, net of allowance for doubtful accounts	38,216	42,746
Prepaid expenses	1,681	1,603
Supplies inventories	2,851	2,866
Income tax receivable	1,697	1,668
Deferred tax asset	3,162	3,152
	-----	-----
Total current assets	56,519	61,591
Property, plant and equipment:		
Land	8,479	8,423
Buildings and improvements	39,076	39,585
Vehicles and equipment	78,194	78,050
Furniture and fixtures	2,218	2,191
Construction in progress	2,056	1,819
	-----	-----
	130,023	130,068
Less - Accumulated depreciation and amortization	62,894	61,282
	-----	-----
Net property, plant and equipment	67,129	68,786

Other assets:	-----	-----
Goodwill, net	21,298	21,479
Permits, net	12,378	12,605
Deferred taxes non-current	10,287	9,208
Other	4,307	4,328
	-----	-----
Total other assets	48,270	47,620
	-----	-----
Total assets	\$171,918	\$177,997
	=====	=====

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

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CLEAN HARBORS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (in thousands)

	MARCH 31, 1997 (Unaudited) -----	DECEMBER 31, 1996 -----
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term obligations	\$ 4,247	\$ 4,370
Accounts payable	16,672	20,069
Accrued disposal costs	7,813	7,912
Other accrued expenses	14,016	14,609
Income tax payable	--	162
Deferred tax liability	224	224
	-----	-----
Total current liabilities	42,972	47,346
	-----	-----
Long-term obligations, less current maturities	68,993	68,668
Deferred taxes, long-term	7,380	7,453
Other	946	946
	-----	-----
Total other liabilities	77,319	77,067
	-----	-----
Stockholders' equity:		
Preferred Stock, \$.01 par value:		
Series A Convertible;		
Authorized-2,000,000 shares; Issued and outstanding - none	--	--
Series B Convertible;		
Authorized-156,416 shares; Issued and outstanding 112,000 shares at March 31,		

1997 and December 31, 1996 (liquidation preference of \$5.6 million)	1	1
Common Stock, \$.01 par value		
Authorized - 20,000,000 shares;		
Issued and outstanding - 9,820,865 shares		
at March 31, 1997 and 9,743,153 shares		
at December 31, 1996	99	98
Additional paid-in capital	59,632	59,477
Unrealized loss on restricted investments, net of tax	(33)	(15)
Accumulated deficit	(8,072)	(5,977)
	-----	-----
Total stockholders' equity	51,627	53,584
	-----	-----
Total liabilities and stockholders' equity	\$ 171,918	\$ 177,997
	=====	=====

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

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CLEAN HARBORS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Unaudited
(in thousands)

	THREE MONTHS ENDED MARCH 31,	
	1997	1996
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (1,983)	\$ (1,642)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	2,363	2,527
Deferred income taxes	(1,142)	(1,344)
Allowance for doubtful accounts	165	133
Amortization of deferred financing costs	178	154
Gain on sale of fixed assets	(82)	(2)
Changes in assets and liabilities:		
Accounts receivable	4,365	3,701
Refundable income taxes	(29)	(78)
Prepaid expenses	(78)	(135)
Supplies inventories	15	(79)
Deferred tax asset	(10)	--
Accounts payable	(3,397)	(1,158)
Accrued disposal costs	(99)	(430)
Other accrued expenses	(395)	(987)
Taxes payable	(162)	--
	-----	-----
Net cash (used) provided by operating activities	(291)	660
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		

Additions to property, plant and equipment	(649)	(756)
Proceeds from sale and maturities of restricted investments	6,280	689
Cost of restricted investments acquired	--	(743)
Decrease (increase) in other assets	17	(35)
Proceeds from sale of fixed assets	241	2
	-----	-----
Net cash provided (used) by investing activities	5,889	(843)
	-----	-----

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

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CLEAN HARBORS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued) UNAUDITED (in thousands)

	THREE MONTHS ENDED MARCH 31,	
	-----	-----
	1997	1996
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of long-term debt	--	6,667
Net borrowings (payments) under long-term revolver	927	(5,758)
Payments on long-term obligations	(898)	(652)
Additions to deferred financing costs	(7)	(47)
Proceeds from employee stock purchase plan	44	--
	-----	-----
Net cash provided by financing activities	66	210
	-----	-----
INCREASE IN CASH AND CASH EQUIVALENTS	5,664	27
Cash and cash equivalents, beginning of year	1,366	225
	-----	-----
Cash and cash equivalents, end of period	7,030	\$ 252
	=====	=====
Supplemental Information:		
Non cash investing and financing activities:		
Stock dividend on preferred stock	\$ 112	\$ 112

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

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CLEAN HARBORS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY UNAUDITED (in thousands)

	Series B Preferred Stock		Common Stock			Unrealized		Total
	Number of Shares	\$.01 Par Value	Number of Shares	\$.01 Par Value	Additional Paid-In Capital	Loss on Restricted Investments	Accumulated Deficit	Stockholders' Equity
Balance at December 31, 1996	112	\$ 1	9,743	\$98	\$59,477	\$(15)	\$(5,977)	\$53,584
Preferred stock dividends: Series B	--	--	55	1	111	--	(112)	--
Employee stock purchase plan	--	--	23	--	44	--	--	44
Change in unrealized loss on restricted investments, net of tax	--	--	--	--	--	(18)	--	(18)
Net Loss	--	--	--	--	--	--	(1,983)	(1,983)
Balance at March 31, 1997	112	\$ 1	9,821	\$99	\$59,632	\$(33)	\$(8,072)	\$51,627
	===	===	=====	===	=====	=====	=====	=====

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

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CLEAN HARBORS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 1 BASIS OF PRESENTATION

The consolidated interim financial statements included herein have been prepared by the Company, pursuant to the rules and regulations of the Securities and Exchange Commission, and include, in the opinion of management, all adjustments (consisting of only normal recurring accruals) necessary for the fair presentation of interim period results. The operating results for the three months ended March 31, 1997 are not necessarily indicative of those to be expected for the full fiscal year. Reference is

made to the audited consolidated financial statements and notes thereto included in the Company's Report on Form 10-K for the year ended December 31, 1996 as filed with the Securities and Exchange Commission. The year end condensed balance sheet data was derived from audited financial statements, but does not include all disclosures required by generally accepted accounting principles.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

NET LOSS PER COMMON SHARE

Net loss per common share is based on net loss less preferred stock dividend requirements divided by the weighted average number of common shares outstanding during each of the respective periods. Fully diluted net loss per common share has not been presented as the amount would not differ significantly from that presented.

The Financial Accounting Standards Board issued Statement No. 128 ("SFAS 128"), "Earnings per Share", which requires the presentation of basic and diluted earning per share ("EPS"). Basic EPS excludes dilution and is computed by dividing income available to common stockholders by the weighted-average number of common shares outstanding for the period. Diluted EPS is computed similarly to fully diluted EPS under the existing rules. The Company will adopt SFAS 128 as of December 31, 1997 and upon adoption, will restate all prior period EPS data presented. The Company has not yet determined the impact of adopting SFAS 128.

NOTE 3 OTHER INCOME

During the first quarter of 1997, the Company recorded a \$950,000 receivable in connection with the settlement of a lawsuit and incurred approximately \$150,000 in costs related to the litigation during the first quarter. The Company recognized a pre-tax gain, net of related legal fees, of \$800,000 resulting from the settlement, which is included in other income, (net), in the consolidated statements of income. The \$950,000 was received in April, 1997.

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CLEAN HARBORS, INC. AND SUBSIDIARIES

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

REVENUES

Revenues for the first quarter of 1997 were \$40,374,000, down 12% as compared to revenues of \$45,736,000 for the first quarter of the prior year. The revenue decline was primarily the result of an absence of event revenue from the field service business, and continued industry-wide pricing pressures.

There are many factors which have impacted, and continue to impact, the Company's revenues. These factors include: competitive industry pricing; continued efforts by generators of hazardous waste to reduce the amount of hazardous waste they produce; significant consolidation among treatment and disposal companies; industry-wide over capacity; and direct shipment by generators of waste to the ultimate treatment or disposal location.

RESULTS OF OPERATIONS

The following table sets forth for the periods indicated certain operating data associated with the Company's results of operations.

	Percentage Of Total Revenues	

	Three months ended	
	March 31,	

	1997	1996
	-----	-----
Revenues	100.0%	100.0%
Cost of revenues:		
Disposal costs paid to third parties	12.7	13.2
Other costs	65.3	63.1
	-----	-----
Total cost of revenues	78.0	76.3
Selling, general and administrative expenses	20.3	20.1
Depreciation and amortization of intangible assets	5.8	5.5
Loss from operations	(4.1)	(1.9)
OTHER DATA:		
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) (in thousands)	\$1,487	\$1,680

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CLEAN HARBORS, INC. AND SUBSIDIARIES

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

COST OF REVENUES

Cost of revenues decreased \$3,394,000 from the quarter ended March 31, 1996 to the quarter ended March 31, 1997, although as a percent of revenue, costs increased to 78.0% as compared to 76.3% for the three months ended March 31, 1996. One of the largest components of cost of revenues is the cost of sending waste to other companies for disposal. The Company's outside disposal costs decreased to 12.7% of revenue in the first three months of 1997 as compared to 13.2% of revenue in the first three months of 1996. The Company has been able to upgrade the quality and efficiency of its waste treatment services through upgrades at its facilities. As a result of these efforts, the Company has been able to increase the amount of waste processed internally and reduce its dependency on outside disposal vendors. Other costs increased to 65.3% of revenue for the three months ended

March 31, 1997, as compared to 63.1% for the same period of the prior year. Although the Company continues to reduce its dependency on outside disposal vendors to which the Company sends waste for ultimate disposal, the increasingly competitive nature of pricing in the hazardous waste industry and the industry-wide reduction in the volume of waste materials continue to reduce the margins on waste materials handled at the Company's facilities.

The Company is continuing to implement cost savings plans to reduce operating costs. In 1996, the Company implemented its CleanEXPRESS(TM) system which the Company anticipates will result in increased efficiencies relative to the transfer of waste materials through the Company's network of waste management facilities to its expanded and upgraded Chicago facility. The Company anticipates this will lower the costs associated with the collection network of the transportation, treatment and disposal of routinely created hazardous waste.

The Company believes that its ability to manage operating costs is an important factor in its ability to remain price competitive. During the first quarter of 1997, the Company continued its process of consolidating common functions to reduce redundant costs and improve the Company's ability to deliver its services. No assurance can be given that the Company's efforts to manage future operating expenses will be successful.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses declined to \$8,199,000 during the three months ended March 31, 1997 from \$9,174,000 for the three months ended March 31, 1996. The 11% decrease from 1996 to 1997 is the result of continued cost cutting measures by the Company.

INTEREST EXPENSE (NET)

Interest expense increased to \$2,259,000 during the first quarter of 1997 as compared to \$2,139,000 for the three months ended March 31, 1996. The increase in interest expense is due to a decrease of interest income associated with a reduction in the average balance of restricted cash. In addition, there was an increase in deferred financing costs in connection with the placement of the economic development bond in September, 1996 which resulted in additional amortization of deferred financing fees.

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CLEAN HARBORS, INC. AND SUBSIDIARIES

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

BENEFIT FROM INCOME TAXES

The effective income tax rate for the three months ended March 31, 1997 was 36.7% as compared to 45.0% for the comparable period of 1996. The rate can fluctuate significantly depending on the amount of income before taxes, as compared to the fixed amount of goodwill amortization and other non-deductible items. Realization of the deferred tax assets, which primarily includes approximately \$6 million of Net Operating Losses Carry Forwards, is dependent on generating sufficient taxable income to offset the assets in the foreseeable future. Although realization is not assured, management believes it is more likely than not that a majority of the deferred tax assets will be realized. The amount of the deferred tax asset considered realizable, however, could be reduced in the near term if

estimates of future taxable income are reduced.

During the ordinary course of its business, the Company is audited by federal and state tax authorities which may result in proposed assessments. The Company has received a Notice of Intent to assess state income taxes from one of the states in which it operates. The Company believes that it has properly reported its state income and intends to contest the assessment vigorously. The Company believes that no current audits or assessments will result in charges which would be material to the results of operations.

FACTORS THAT MAY AFFECT FUTURE RESULTS

From time to time, the Company and employees acting on behalf of the Company make forward-looking statements concerning the expected revenues, results of operations, capital expenditures, capital structure, plans and objectives of management for future operations, and future economic performance. This report contains forward-looking statements. There are many factors which could cause actual results to differ materially from those projected in a forward-looking statement, and there can be no assurance that such expectations will be realized.

The Company's future operating results may be affected by a number of factors, including the Company's ability to: integrate successfully the CleanEXPRESS(TM) program; continue to implement the treatment and disposal reengineering program; utilize its facilities and workforce profitably, in the face of intense price competition; successfully increase market share in its existing service territory while expanding its product offerings into other markets; integrate additional hazardous waste management facilities, such as the Kimball incinerator and the expanded Chicago facility; realize benefits from cost reduction programs; and generate incremental volumes of waste to be handled through such facilities from existing sales offices and service centers and others which may be opened in the future.

The Company's operations may be affected by the commencement and completion of major site remediation projects; seasonal fluctuations due to weather and budgetary cycles influencing the timing of customers' spending for remedial activities; the timing of regulatory decisions relating to hazardous waste management projects; changes in the manufacturing sector towards waste minimization and delays in the remedial market; suspension of governmental permits; and fines and penalties for noncompliance with the myriad of regulations governing the Company's diverse operations. As a result of these factors, the Company's revenue and income could vary significantly from quarter to quarter, and past financial performance should not be considered a reliable indicator of future performance.

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CLEAN HARBORS, INC. AND SUBSIDIARIES

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FINANCIAL CONDITION AND LIQUIDITY

During the three months ended March 31, 1997, the Company spent \$649,000 on additions to plant and equipment and construction in progress, as compared to its capital expenditures of \$756,000 during the same period of the prior year. During the three months ended March 31, 1997, net additions to long-term debt were \$29,000, as compared to net additions to long-term debt of \$257,000 during the same period of the previous year.

During the first quarter of 1997, the Company recorded a \$950,000 receivable in connection with the settlement of a lawsuit and incurred approximately \$150,000 in costs related to the litigation. The \$950,000 was received in April, 1997

Dividends on the Company's Series B Convertible Preferred Stock are payable on the 15th day of January, April, July and October, at the rate of \$1.00 per share, per quarter; 112,000 shares are outstanding. Under the terms of the preferred stock, the Company can elect to pay dividends in cash or in common stock with a market value equal to the amount of the dividend payable. The Company elected to pay the April 15, 1997 dividend in common stock. Accordingly, the Company issued 70,888 shares of common stock to the holders of the preferred stock for the period ended March 31, 1997. The Company anticipates that the preferred stock dividends payable through 1997 will be paid in common stock.

The Company believes it has adequate liquidity for its ongoing operations and planned capital needs. It is expected that capital expenditures in 1997 will be approximately \$3,000,000.

OTHER

Effective December 31, 1997, the Company will adopt Statement of Financial Accounting Standards No. 128 (SFAS 128) "Earnings per Share", which will require the disclosure of Basic Earnings per Common Share and Diluted Basic Earnings per Common Share for all periods presented. Early application of SFAS 128 is not allowed. The Company has not yet determined the impact of adopting SFAS 128.

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CLEAN HARBORS, INC. AND SUBSIDIARIES

PART II - OTHER INFORMATION

ITEM 1 - LEGAL PROCEEDINGS

No reportable events have occurred which would require modification of the discussion under Item 3 - Legal Proceedings contained in the Company's Report on Form 10-K for the Year Ended December 31, 1996.

ITEM 2 - CHANGES IN SECURITIES

None

ITEM 3 - DEFAULTS UPON SENIOR DEBT

None

ITEM 4 - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

ITEM 5 - OTHER INFORMATION

None

ITEM 6 - EXHIBITS AND REPORTS ON FORM 8-K

A) Exhibit 11 - Computation of Net Income per Share.

Exhibit 27 - Financial Data Schedule.

B) Reports on Form 8-K - None

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CLEAN HARBORS, INC. AND SUBSIDIARIES

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Clean Harbors, Inc.

Registrant

Dated: May 12, 1997

By: /s/ Alan S. McKim

Alan S. McKim
President and
Chief Executive Officer

Dated: May 12, 1997

By: /s/ Alan S. McKim

Donald N. Leef
Vice President, Treasurer and
Chief Financial Officer

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Exhibit 11

CLEAN HARBORS, INC. AND SUBSIDIARIES

COMPUTATION OF NET INCOME PER SHARE
 FOR THE THIRD QUARTER ENDED MARCH 31, 1997 & MARCH 31, 1996
 (in thousands)

	THREE MONTHS ENDED MARCH 31,	
	1997	1996
Net loss	\$ (1,983)	\$ (1,642)
Less preferred dividends accrued	112	112
Adjusted net loss	(2,095)	(1,754)
Loss per common and common equivalent share:		
Weighted average number of shares outstanding	9,817	9,560
Incremental shares for stock options under treasury stock method	--	--
Weighted average number of common and common equivalent shares outstanding	9,817	9,560
Net loss per common and common equivalent share	\$ (.21)	\$ (.18)
Loss per common and common equivalent share - assuming full dilution:		
Weighted average number of shares outstanding	9,817	9,560
Incremental shares for stock options under treasury stock method	--	--
Weighted average number of common and common equivalent shares outstanding - assuming full dilution	9,817	9,560
Net loss per common and common equivalent share - assuming full dilution	\$ (.21)	\$ (.18)

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