

May 8, 2014



# Arabian American Releases First Quarter 2014 Results

- Revenue up 21.5% to \$64.1 million
- Volume increased 27.9% to 18.8 million gallons
- Earnings Call to be Held Today at 4:30 pm EDT

SUGAR LAND, Texas, May 8, 2014 /PRNewswire/ -- Arabian American Development Co. (NYSE: ARSD), a leading provider of high purity, specialty chemicals and minority owner of Al Masane Al Kobra Mining Co. ("AMAK"), released their financial results for the quarter ended March 31, 2014.

"We are pleased to have the higher volumes from 2013 carry over into the first quarter, and we feel this will continue throughout the year," said Nick Carter, President and Chief Executive Officer of ARSD. "Our petrochemical business continues to produce strong results. First quarters are normally seasonally weak, but this year we set records for both revenue and volume. Unfortunately, with AMAK having sold the majority of their inventory at the end of the year; and therefore, having little revenue in the first quarter, their results affected our bottom line. Overall, we are pleased with how our business is performing, and we're excited about the outlook for the future."

## Financial Results

Revenue for the first quarter was \$64.1 million, a 21.5% increase from the \$52.7 million in the first quarter of 2013.

Volume for the quarter was 18.8 million gallons, a 27.9% increase from 14.7 million gallons for the first quarter of 2013.

Gross profit for the quarter was \$8.7 million compared to \$6.7 million in the same quarter last year. The gross profit margin for the quarter was 13.6% compared to 12.7% for the first quarter 2013.

Net income attributable to Arabian American in the first quarter 2014 was \$2.6 million, or \$0.10 per diluted share compared to a \$4.8 million or \$0.19 per diluted share in the first quarter of 2013. AMAK had no shipments in the first quarter of 2014 which caused a decrease in our share of AMAK's earnings and therefore, a decrease in net income.

EBITDA for the first quarter was \$5.0 million compared to \$6.9 million for first quarter of 2013. Adjusted EBITDA, which removes the effects of AMAK for comparative purposes,

for the first quarter of 2014 was \$5.4 million compared to \$4.0 million in 2013.

Cash at the end of the quarter was \$5.7 million compared to \$7.6 million as of December 31, 2013. Cash provided by operations was \$2.1 million, cash used by investing activities was \$1.7 million and cash used by financing was \$2.3 million during the first three months of 2014. During the quarter we paid \$2.0 million in principal on our line of credit and made a standard payment of \$350,000 on our term loan.

## **Earnings Call**

The conference call and presentation slides will be simulcast live on the Internet and can be accessed by going to the investor relations section of the Company's website at <http://arabianamericandev.com/investors> or by using this link: <http://public.viavid.com/index.php?id=108759>. A replay of the call will also be available through the same link. The webcast replay will be available for one month after the call.

To participate via telephone, callers should dial in five to ten minutes prior to the 4:30 pm Eastern start time; domestic callers (U.S. and Canada) should call 1-877-941-2069 or 1-480-629-9713 if calling internationally. Playback will be available until midnight Eastern Time, May 15, 2014. To listen to the playback, please call 1-877-870-5176 if calling within the United States or 1-858-384-5517 if calling internationally. Use pin number 4679735 for the replay.

## **About Arabian American Development Company (ARSD)**

ARSD owns and operates a petrochemical facility located in southeast Texas, just north of Beaumont, which specializes in high purity petrochemical solvents and other solvent type manufacturing. The Company is also the original developer and a 35% owner of Al Masane Al Kobra Mining Co., a Saudi Arabian joint stock company.

## **Use of Non-GAAP Measures**

The Company reports its financial results in accordance with U.S. generally accepted accounting principles ("GAAP"). This press release contains the non-GAAP measures: EBITDA and Adjusted EBITDA. Our non-GAAP measures are not meant to be considered in isolation or as a substitute for comparable GAAP measures and should be read only in conjunction with our consolidated financial statements prepared in accordance with GAAP.

## **Forward-Looking Statements**

Statements in this press release that are not historical facts are forward looking statements as defined in the Private Securities Litigation Reform Act of 1995. Forward looking statements are based upon our belief, as well as, assumptions made by and information currently available to us. Because such statements are based upon expectations as to future economic performance and are not statements of fact, actual results may differ from those projected. These risks, as well as others, are discussed in greater detail in Arabian American's filings with the Securities and Exchange Commission, including Arabian American's Annual Report on Form 10-K for the year ended December 31, 2013, and the Company's subsequent Quarterly Reports on Form 10-Q. All forward-

looking statements included in this press release are based upon information available to the Company as of the date of this press release.

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-Tables follow-

**ARABIAN AMERICAN DEVELOPMENT COMPANY AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

**MARCH 31, DECEMBER**  
**2014 31,**  
**(unaudited) 2013**

**ASSETS**

*(thousands of dollars)*

**Current Assets**

Cash and cash equivalents	\$ 5,693	\$ 7,608
Trade receivables, net	24,449	22,069
Advance to AMAK	536	536
Inventories	11,977	12,063
Prepaid expenses and other assets	1,625	2,075

Contractual based intangible assets, net	42	104
Taxes receivable	292	571
Deferred income taxes	<u>1,167</u>	<u>1,324</u>
Total current assets	45,781	46,350
<b>Plant, pipeline and equipment, net</b>	42,229	41,925
<b>Investment in AMAK</b>	53,745	54,095
<b>Mineral properties in the United States</b>	588	588
<b>Other assets</b>	<u>648</u>	<u>709</u>
<b>TOTAL ASSETS</b>	\$ 142,991	\$ 143,667

## **LIABILITIES**

### **Current Liabilities**

Accounts payable	\$ 7,369	\$ 7,362
Accrued interest	93	102
Current portion of derivative instruments	229	292
Accrued liabilities	2,498	3,060
Accrued liabilities in Saudi Arabia	140	140

Current portion of post-retirement benefit	280	278
Current portion of long-term debt	1,400	1,400
Current portion of other liabilities	<u>1,654</u>	<u>1,654</u>
Total current liabilities	13,663	14,288
<b>Long-term debt</b> , net of current portion	9,489	11,839
<b>Post-retirement benefit</b> , net of current portion	649	649
<b>Derivative instruments</b> , net of current portion	266	319
<b>Other liabilities</b> , net of current portion	958	1,369
<b>Deferred income taxes</b>	<u>11,588</u>	<u>11,984</u>
<b>Total liabilities</b>	<u>36,613</u>	<u>40,448</u>

## EQUITY

<b>Common stock</b> -authorized 40 million shares of \$.10 par value; issued and	2,386	2,383
outstanding 23.9 million and 23.8 million shares in 2014 and 2013, respectively		
<b>Additional paid-in capital</b>	46,577	46,064
<b>Accumulated other comprehensive loss</b>	(322)	(366)
<b>Retained earnings</b>	<u>57,448</u>	<u>54,849</u>
Total Arabian American Development Company Stockholders'	106,089	102,930

Equity		
Noncontrolling Interest	<u>289</u>	<u>289</u>
<b>Total equity</b>	<u>106,378</u>	<u>103,219</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	\$ 142,991	\$ 143,667

**ARABIAN AMERICAN DEVELOPMENT COMPANY AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)**

**THREE MONTHS  
ENDED**

**MARCH 31,**

**2014      2013**

**REVENUES**

*(thousands of dollars)*

Petrochemical Product Sales	\$ 62,392	\$ 51,620
Processing Fees	<u>1,708</u>	<u>1,125</u>
	64,100	52,745

**OPERATING COSTS AND EXPENSES**

Cost of Sales and Processing

(including depreciation of \$865 and \$825, respectively)	<u>55,386</u>	<u>46,066</u>
<b>GROSS PROFIT</b>	8,714	6,679
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>		
General and Administrative	4,189	3,505
Depreciation	<u>139</u>	<u>129</u>
	<u>4,328</u>	<u>3,634</u>
<b>OPERATING INCOME</b>	4,386	3,045
<b>OTHER INCOME (EXPENSE)</b>		
Interest Income	9	1
Interest Expense	(110)	(117)
Losses on Cash Flow Hedge Reclassified from OCI	(67)	(78)
Equity in earnings (losses) of AMAK	(350)	2,964
Miscellaneous Expense	<u>(45)</u>	<u>(18)</u>
	<u>(563)</u>	<u>2,752</u>
<b>INCOME BEFORE INCOME TAXES</b>	3,823	5,797
<b>INCOME TAXES</b>	<u>1,224</u>	<u>1,011</u>

<b>NET INCOME</b>	2,599	4,786
<b>NET LOSS ATTRIBUTABLE TO NONCONTROLLING INTEREST</b>	=	=
<b>NET INCOME ATTRIBUTABLE TO ARABIAN AMERICAN DEVELOPMENT COMPANY</b>	\$ 2,599	\$ 4,786

**Basic Earnings per Common Share**

Net Income Attributable to Arabian American Development Company (dollars)	\$ 0.11	\$ 0.20
Basic Weighted Average Number of Common Shares Outstanding	24,151	24,105

**Diluted Earnings per Common Share**

Net Income Attributable to Arabian American Development Company (dollars)	\$ 0.10	\$ 0.19
Diluted Weighted Average Number of Common Shares Outstanding	24,918	24,658

**ARABIAN AMERICAN DEVELOPMENT COMPANY AND SUBSIDIARIES  
RECONCILIATION OF SELECTED GAAP MEASURES TO NON-GAAP MEASURES<sup>(1)</sup>**



**THREE MONTHS ENDED****31-Mar****2014****2013****NET INCOME**

\$ 2,599

\$ 4,786

Add back:

Interest

177

195

Taxes

1,224

1,011

Depreciation

1,004

954

**EBITDA**

\$ 5,004

\$ 6,946

Equity in (Earnings) Losses in AMAK

350

(2,964)

**Adjusted EBITDA**

\$ 5,354

\$ 3,982

(1) This press release includes non-GAAP measures. Our non-GAAP measures are not meant to be considered in isolation or as a substitute for comparable GAAP measures and should be read only in conjunction with our consolidated financial statements prepared in accordance with GAAP.

SOURCE Arabian American Development Co.