

March 6, 2014



Arabian American Releases Fourth Quarter and Full Year 2013 Results

Record Volume and Revenue for Fourth Quarter and Full Year

Fully Diluted EPS for 2013 of \$0.79 versus \$0.42

Earnings Call to be Held Today at 4:30 pm EDT

SUGAR LAND, Texas, March 6, 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 Company ("AMAK"), released their financial results for the fourth quarter and full year ended December 31, 2013.

"We ended the year with record quarterly and annual results as a result of the growth in our international business, and improved terms on our contract tolling business, as well as the ability to put more volume through our systems thanks to the successful de-bottle necking efforts at the South Hampton plant," said Nick Carter, President and Chief Executive Officer of ARSD. "Our petrochemical business is running on all cylinders. Our successful de-bottlenecking has allowed us to absorb higher than anticipated orders and fulfill the record volumes that we received for the quarter and year," continued Mr. Carter. "For the coming year we will continue to focus on our margins, growing our international markets and expanding our tolling business."

"Additionally, the AMAK mine continues to move into a more stable operating mode. The mill produced the budgeted product tonnage in 2013 which was 36,000 tons of zinc concentrate and 36,000 tons of copper concentrate. In-fill drilling of the ore bodies is continuing and the two modifications to the process, the talc removal improvements and the precious metal circuit remodeling, should be complete later in the year."

Financial Results

Revenue for the fourth quarter was \$66.6 million up 33% from the \$49.9 million a year ago and up 9% sequentially from third quarter of 2013. Revenues for the year were \$236 million up 6% from the \$223 million in 2012.

Volume for the quarter was 19.7 million gallons versus 14.1 million gallons for the same period in 2012, an increase of 40%. Full year volume was 67.1 million gallons up 5.5% from the 63.6 million gallons in 2012.

Total gross profit for Q4 2013 was \$9.8 million as compared to \$6.9 million in the same period last year. The gross profit margin for the quarter was 14.7% compared to 13.8% in the year-ago period. Gross profit for the full year 2013 was \$35.2 million, up 14.3% compared to \$30.8 in 2012. Gross profit margin for the year was 14.9% compared to

13.8% in 2012.

Equity in loss for AMAK in Q4 2013 was \$0.3 million as compared to equity in earnings of \$0.8 million in the same period last year. Equity in earnings including the gain from equity issuance for AMAK for the full year 2013 was \$8.7 million compared to equity in loss of \$0.2 million in 2012.

EBITDA for the fourth quarter of 2013 was \$6.2 million compared to \$4.5 million last year. EBITDA for the full year was \$32.5 million compared to \$20.7 million in 2012. Adjusted EBITDA which removes the effects of AMAK for comparative purposes for the fourth quarter of 2013 was \$6.5 million compared to \$3.7 million in 2012. Adjusted EBITDA for the full year was \$23.8 million compared to \$20.9 million.

Net income attributable to Arabian American in the fourth quarter 2013 was \$3.2 million, or \$0.13 per diluted share compared to a \$1.9 million, or \$0.08 per diluted share in Q42012. Net income for the full year was \$19.5 million or \$0.79 per diluted share compared to \$10.3 million or \$0.42 per diluted share in 2012.

Cash at the end of 2013 was \$7.6 million compared to \$9.5 million as of December 31, 2012. Cash provided by operations was \$13.2 million for 2013 offset by cash used in investing activities of \$12.7 million and cash used in financing of \$2.4 million.

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 web site at <http://arabianamericandev.com/investors> or by using this link: <http://public.viavid.com/index.php?id=108063>. 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 1-877-941-8416 or 1-480-629-9808 if calling internationally. Playback will be available until midnight Eastern Time, March 13, 2013. 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 4670971 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/A for the year ended December 31, 2012, 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.

Company Contact:

Nick Carter, President and Chief Executive Officer
(409) 385-8300
ncarter@arabianamericandev.com

Investor Relations Contact:

Kim Rogers, Principal
Genesis Select
(303) 415-0200
krogersc@genesisselect.com

Or

Matthew Selinger, Principal
Genesis Select
(303) 415-0200
mselinger@genesisselect.com

-Tables follow-

ARABIAN AMERICAN DEVELOPMENT COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

December 31,

2013 2012

(thousands of dollars)

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 7,608	\$ 9,508
Trade receivables, net	22,069	15,802
Advance to AMAK	536	2,162
Prepaid expenses and other assets	2,075	1,561
Contractual based intangible assets	104	250
Inventories	12,063	9,840
Deferred income taxes	1,324	1,054
Taxes receivable	<u>571</u>	<u>1,182</u>

Total current assets	46,350	41,359
----------------------	--------	--------

PLANT, PIPELINE, AND EQUIPMENT – AT COST	75,128	68,482
--	--------	--------

LESS ACCUMULATED DEPRECIATION	<u>(33,203)</u>	<u>(28,062)</u>
-------------------------------	-----------------	-----------------

PLANT, PIPELINE, AND EQUIPMENT, NET	41,925	40,420
-------------------------------------	--------	--------

INVESTMENT IN AMAK	54,095	37,894
--------------------	--------	--------

MINERAL PROPERTIES IN THE UNITED STATES	588	588
---	-----	-----

CONTRACTUAL BASED INTANGIBLE ASSETS, net of current portion	-	104
---	---	-----

OTHER ASSETS	<u>709</u>	<u>11</u>
--------------	------------	-----------

TOTAL ASSETS	\$ 143,667	\$ 120,376
--------------	------------	------------

December 31,

2013 **2012**

(thousands of dollars)

LIABILITIES

CURRENT LIABILITIES

Accounts payable	\$ 7,362	\$ 6,306
Accrued interest	102	96
Current portion of derivative instruments	292	301
Accrued liabilities	3,048	2,687
Accrued liabilities in Saudi Arabia	140	140
Notes payable	12	12
Current portion of post-retirement benefit	278	269
Current portion of long-term debt	1,400	1,500
Current portion of other liabilities	<u>1,654</u>	<u>880</u>

Total current liabilities	14,288	12,191
---------------------------	--------	--------

LONG-TERM DEBT, net of current portion	11,839	14,239
--	--------	--------

POST- RETIREMENT BENEFIT, net of current portion	649	649
--	-----	-----

DERIVATIVE INSTRUMENTS, net of current portion	319	592
--	-----	-----

OTHER LIABILITIES, net of current portion	1,369	379
---	-------	-----

DEFERRED INCOME TAXES	<u>11,984</u>	<u>10,094</u>
-----------------------	---------------	---------------

Total liabilities	40,448	38,144
-------------------	--------	--------

COMMITMENTS AND CONTINGENCIES

EQUITY

Common Stock - authorized 40 million shares of \$.10 par value;
issued and outstanding, 23.8 million and 23.8 million shares
in 2013 and 2012, respectively

2,383	2,381
-------	-------

Additional Paid-in Capital

46,064	44,791
--------	--------

Accumulated Other Comprehensive Loss

(366)	(580)
-------	-------

Retained Earnings

<u>54,849</u>	<u>35,351</u>
---------------	---------------

Total Arabian American Development Company Stockholders'		
Equity	102,930	81,943
Noncontrolling interest	<u>289</u>	<u>289</u>
Total equity	<u>103,219</u>	<u>82,232</u>
TOTAL LIABILITIES AND EQUITY	\$ 143,667	\$ 120,376

ARABIAN AMERICAN DEVELOPMENT COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	<u>2013</u>	<u>2012</u>	<u>2011</u>
	<i>(thousands of dollars)</i>		
Revenues			
Petrochemical product sales	\$ 230,643	\$ 218,512	\$ 194,620
Processing	<u>5,584</u>	<u>4,346</u>	<u>4,897</u>
	236,227	222,858	199,517
Operating costs and expenses			
Cost of petrochemical product sales and			
Processing (including depreciation of	<u>201,064</u>	<u>192,100</u>	<u>173,600</u>
\$3,518, \$3,053, and \$2,744, respectively)			
Gross Profit	35,163	30,758	25,917
General and Administrative Expenses			
General and administrative	14,672	12,782	11,778
Depreciation	<u>521</u>	<u>520</u>	<u>476</u>
	<u>15,193</u>	<u>13,302</u>	<u>12,254</u>
Operating income	19,970	17,456	13,663
Other income (expense)			
Interest income	15	3	4
Interest expense	(520)	(547)	(699)
Losses on cash flow hedge reclassified from OCI	(301)	(359)	(414)
Equity in earnings (loss) of AMAK	4,703	(211)	(1,018)

Gain from additional equity issuance by AMAK	3,997	--	8,850
Miscellaneous income (expense)	<u>(219)</u>	<u>(117)</u>	<u>3</u>
	<u>7,675</u>	<u>(1,231)</u>	<u>6,726</u>
Income before income tax expense	27,645	16,225	20,389
Income tax expense	<u>8,147</u>	<u>5,904</u>	<u>6,505</u>
Net income	19,498	10,321	13,884
Net loss attributable to Noncontrolling Interest	=	=	=
Net income attributable to Arabian American Development Company	\$ 19,498	\$ 10,321	\$ 13,884
Net income per common share			
Basic earnings per share (dollars)	\$ 0.81	\$ 0.43	\$ 0.58
Diluted earnings per share (dollars)	\$ 0.79	\$ 0.42	\$ 0.57
Weighted average number of common shares outstanding			
Basic	24,115	24,081	23,993
Diluted	24,745	24,745	24,267

ARABIAN AMERICAN DEVELOPMENT COMPANY AND SUBSIDIARIES RECONCILIATION OF SELECTED GAAP MEASURES TO NON-GAAP MEASURES ⁽¹⁾

THREE MONTHS ENDED TWELVE MONTHS ENDED

31-Dec

31-Dec

2013

2012

2013

2012

(thousands of dollars)

(thousands of dollars)

NET INCOME \$ 3,182 \$ 1,850 \$ 19,498 \$ 10,321

Add back:

Interest 211 196 821 906

Taxes 1,628 1,496 8,147 5,904

Depreciation 132 145 521 520

Depreciation in Cost of sales 1,021 817 3,518 3,053

EBITDA \$ 6,174 \$ 4,504 \$ 32,505 \$ 20,704

Less:

Equity in (earnings) loss of AMAK 298 (832) (8,700) 211

Adjusted EBITDA \$ 6,472 \$ 3,672 \$ 23,805 \$ 20,915

(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.