

March 5, 2015



Trecora Resources Announces Fourth Quarter and Full Year 2014 Results

Record Fourth Quarter Revenues of \$74.1 Million

Record Quarterly Petrochemical Volume Levels of 21.6 Million Gallons

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

SUGAR LAND, Texas, March 5, 2015 /PRNewswire/ -- Trecora Resources (NYSE: TREC) a leading provider of high purity specialty chemicals and waxes, today announced financial results for the fourth quarter and year ended December 31, 2014.



"The strong operational performance in the fourth quarter demonstrates our resolve to keep our customers' needs filled. We delivered record revenue for a fourth quarter, and sold an all-time volume record for our South Hampton Resources subsidiary," said Nick Carter, CEO and President of Trecora Resources. "We continued to make infrastructure improvements, including the culmination of a three year project to expand the capabilities of our Highway 92 Sales Rack, and the D-Train expansion which we announced last fall is underway and progressing on schedule. We recently completed a test run and proved we could process an extra 1,000 barrels per day of feed as we had planned for the first phase of the project."

"We also made significant progress integrating Trecora Chemical, including initiating process improvements to ensure the quality and consistency of the finished products, and actually added new quality products during the improvement process. The expansion of the custom processing distillation and hydrogenation capability is underway with start-up expected in the first quarter of 2016. Although Al Masane Al Kobra Mining Company (AMAK) negatively impacted our results in the fourth quarter, we are pleased with the new management team's progress and direction, including achieving operational efficiencies, improving metal recoveries, and activating the new precious metal circuit. We believe that with the operational improvements that are being made, coupled with the predicted stronger metal prices in the second half of the year, the mining project can become additive to our financial results as the year progresses," added Mr. Carter

2014 Fourth Quarter Results

Trecora's fourth quarter revenues totaled \$74.1 million, an increase of 11.2% from \$66.6 million in the fourth quarter of 2013.

Petrochemical volume was also at record levels for the quarter at 21.6 million gallons, a 9.9% increase from 19.7 million gallon level for the fourth quarter of 2013.

Gross profit for the fourth quarter of 2014 was \$12.3 million, compared with \$9.8 million in the same period last year. Gross profit margin for the quarter was 16.6% compared with 14.7% for the fourth quarter 2013.

Net income for Trecora Resources in the fourth quarter 2014 was \$2.2 million, or \$0.09 per diluted share (\$0.09 per basic share), compared with \$3.2 million or \$0.13 per diluted share (\$0.13 per basic share) in the fourth quarter of 2013. Some one-time items, including acquisition and integrations costs associated with the purchase of Trecora

Chemical, expense associated with the ineffectiveness of our interest rate swap due to the new debt from the acquisition, and an accrual for a lawsuit settlement, negatively impacted net income.

EBITDA for the fourth quarter of 2014 was \$6.4 million compared with \$6.2 million for the fourth quarter of 2013. Adjusted EBITDA, which removes the effects of AMAK for comparative purposes, for the fourth quarter of 2014 was \$6.8 million compared with \$6.5 million in 2013.

As of December 31, 2014 cash and cash equivalents were \$8.5 million compared with \$7.6 million at the close of 2013. In 2014, cash provided by operations was \$23.2 million, cash used in investing activities was \$88.9 million and cash provided by financing was \$66.6 million. In 2013, cash provided by operations was \$13.2 million, cash used by investing activities was \$12.7 million and cash used by financing activities was \$2.4 million. The significant changes in investing and financing activities were primarily due to the purchase of Trecora Chemical and the debt associated with the acquisition.

2014 Full Year Results

For the year, Trecora generated revenues of \$289.6 million, an increase of 22.6% over \$236.2 million in 2013. Petrochemical volume for 2014 was at 82.8 million gallons, a 23.4% increase over 67.1 million gallons in 2013.

Gross profit for the full year 2014 was \$45.7 million compared with \$35.2 million for the full year 2013. Gross profit margin for the year was 15.8% compared with 14.9% in 2013.

Net Income for the full year 2014 was \$15.6 million or \$0.63 per diluted share (\$0.64 per basic share), compared with \$19.5 million or \$0.79 per diluted share (\$0.81 per basic share), for the full year 2013. During 2014 we recorded equity in loss from AMAK of \$1.1 million; whereas, during 2013 we recorded equity in earnings and gain on additional equity issued by AMAK totaling \$8.7 million.

EBITDA for the full year 2014 was \$29.3 million compared with \$32.5 million for the full year of 2013. Adjusted EBITDA, which removes the effects of AMAK for comparative purposes, for the full year of 2014 was \$30.4 million compared with \$23.8 million in 2013.

Earnings Call

The conference call and presentation slides will be simulcast live on the Internet, and can be accessed on the investor relations section of the Company's website at <http://www.trecora.com> or at <http://public.viavid.com/player/index.php?id=113264>. A replay of the call will also be available through the same link.

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 1-888-455-2296 or 1-719-325-2323 if calling internationally, using the conference ID 6828051. 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 6828051 for the replay.

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 Trecora Resources' filings with the Securities and Exchange Commission, including Trecora Resources' 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.

About Trecora Resources (TREC)

TREC owns and operates a facility located in southeast Texas, just north of Beaumont, which specializes in high

purity hydrocarbons and other petrochemical manufacturing. TREC also owns and operates a leading manufacturer of specialty synthetic waxes and provider of custom processing services located in the heart of the Petrochemical complex in Pasadena, Texas. In addition, the Company is the original developer and a 35% owner of Al Masane Al Kobra Mining Co., a Saudi Arabian joint stock company.

Company Contact:

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

Investor Relations Contact:

Glenn Garmont or Don Markley
 The Piacente Group
 212-481-2050
trecoira@tpg-ir.com

**TRECORA RESOURCES AND SUBSIDIARIES
 CONSOLIDATED BALANCE SHEETS**

	<u>December 31,</u>	
	<u>2014</u>	<u>2013</u>
	<i>(thousands of dollars)</i>	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 8,506	\$ 7,608
Trade receivables, net	28,271	22,069
Advance to AMAK	-	536
Prepaid expenses and other assets	3,257	2,179
Inventories	12,815	12,063
Deferred income taxes	1,652	1,324
Taxes receivable	<u>434</u>	<u>571</u>
Total current assets	54,935	46,350
PLANT, PIPELINE, AND EQUIPMENT – AT COST	113,130	75,128
LESS ACCUMULATED DEPRECIATION	<u>(39,319)</u>	<u>(33,203)</u>
PLANT, PIPELINE, AND EQUIPMENT, NET	73,811	41,925
GOODWILL	21,750	-
OTHER INTANGIBLE ASSETS, net	26,235	-
INVESTMENT IN AMAK	53,023	54,095
MINERAL PROPERTIES IN THE UNITED STATES	588	588
OTHER ASSETS	<u>1,732</u>	<u>709</u>
TOTAL ASSETS	<u>\$ 232,074</u>	<u>\$ 143,667</u>

**TRECORA RESOURCES AND SUBSIDIARIES
 CONSOLIDATED BALANCE SHEETS - Continued**

	<u>December 31,</u>	
	<u>2014</u>	<u>2013</u>
	<i>(thousands of dollars)</i>	
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 9,535	\$ 7,362
Current portion of derivative instruments	362	292
Accrued liabilities	5,020	3,162
Accrued liabilities in Saudi Arabia	495	140
Current portion of post-retirement benefit	286	278
Current portion of long-term debt	7,000	1,400
Current portion of other liabilities	<u>2,183</u>	<u>1,654</u>
Total current liabilities	24,881	14,288

LONG-TERM DEBT, net of current portion	73,450	11,839
POST- RETIREMENT BENEFIT, net of current portion	649	649
DERIVATIVE INSTRUMENTS, net of current portion	196	319
OTHER LIABILITIES, net of current portion	1,039	1,369
DEFERRED INCOME TAXES	<u>10,471</u>	<u>11,984</u>
Total liabilities	110,686	40,448

COMMITMENTS AND CONTINGENCIES

EQUITY

Common Stock - authorized 40 million shares of \$.10 par value; issued and outstanding, 24.0 million and 23.8 million shares in 2014 and 2013, respectively

Additional Paid-in Capital	2,397	2,383
Accumulated Other Comprehensive Loss	48,282	46,064
Retained Earnings	-	(366)
	<u>70,420</u>	<u>54,849</u>

Total Trecora Resources Stockholders'

Equity	121,099	102,930
--------	---------	---------

Noncontrolling interest

289 289

Total equity

121,388 103,219

TOTAL LIABILITIES AND EQUITY

\$ 232,074 \$ 143,667

TRECORA RESOURCES AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF INCOME For the years ended December 31,

	<u>2014</u>	<u>2013</u>	<u>2012</u>
	<i>(thousands of dollars)</i>		
Revenues			
Petrochemical and product sales	\$ 280,866	\$ 230,643	\$ 218,512
Processing	<u>8,777</u>	<u>5,584</u>	<u>4,346</u>
	289,643	236,227	222,858
Operating costs and expenses			
Cost of petrochemical, product sales, and Processing (including depreciation of \$4,645, \$3,518, and \$3,053, respectively)	<u>243,900</u>	<u>201,064</u>	<u>192,100</u>
Gross Profit	<u>45,743</u>	<u>35,163</u>	<u>30,758</u>
General and Administrative Expenses			
General and administrative	19,701	14,672	12,782
Depreciation	<u>560</u>	<u>521</u>	<u>520</u>
	<u>20,261</u>	<u>15,193</u>	<u>13,302</u>
Operating income	25,482	19,970	17,456
Other income (expense)			
Interest expense	(1,042)	(520)	(547)
Losses on cash flow hedge reclassified from OCI	(378)	(301)	(359)
Equity in earnings (loss) of AMAK	(1,072)	4,703	(211)
Gain from additional equity issuance by AMAK	--	3,997	--
Miscellaneous expense	<u>(272)</u>	<u>(204)</u>	<u>(114)</u>
	<u>(2,764)</u>	<u>7,675</u>	<u>(1,231)</u>
Income before income tax expense	22,718	27,645	16,225
Income tax expense	<u>7,147</u>	<u>8,147</u>	<u>5,904</u>
Net income	15,571	19,498	10,321
Net loss attributable to Noncontrolling Interest	==	==	==

Net income attributable to Trecora Resources	<u>\$ 15,571</u>	<u>\$ 19,498</u>	<u>\$ 10,321</u>
Net income per common share			
Basic earnings per share (dollars)	<u>\$ 0.64</u>	<u>\$ 0.81</u>	<u>\$ 0.43</u>
Diluted earnings per share (dollars)	<u>\$ 0.63</u>	<u>\$ 0.79</u>	<u>\$ 0.42</u>
Weighted average number of common shares outstanding			
Basic	<u>24,188</u>	<u>24,115</u>	<u>24,081</u>
Diluted	<u>24,896</u>	<u>24,745</u>	<u>24,745</u>

TRECORA RESOURCES AND SUBSIDIARIES
RECONCILIATION OF SELECTED GAAP MEASURES TO NON-GAAP MEASURES⁽¹⁾

	THREE MONTHS ENDED		TWELVE MONTHS ENDED	
	31-Dec		31-Dec	
	2014	2013	2014	2013
	<i>(thousands of dollars)</i>		<i>(thousands of dollars)</i>	
NET INCOME	\$ 2,198	\$ 3,182	\$ 15,571	\$ 19,498
Add back:				
Interest	1,061	211	1,420	821
Taxes	964	1,628	7,147	8,147
Depreciation	155	132	560	521
Depreciation in Cost of sales	2,030	1,021	4,645	3,518
EBITDA	<u>\$ 6,408</u>	<u>\$ 6,174</u>	<u>\$ 29,343</u>	<u>\$ 32,505</u>
Less:				
Equity in (earnings) loss of AMAK	385	298	1,072	(8,700)
Adjusted EBITDA	<u>\$ 6,793</u>	<u>\$ 6,472</u>	<u>\$ 30,415</u>	<u>\$ 23,805</u>

(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.

Logo - <https://photos.prnewswire.com/prnh/20150106/167307LOGO>

To view the original version on PR Newswire, visit <http://www.prnewswire.com/news-releases/trecora-resources-announces-fourth-quarter-and-full-year-2014-results-300046253.html>

SOURCE Trecora Resources