

March 7, 2013



Arabian American Releases Fourth Quarter and Full Year 2012 Results

Record Year for Revenue and Volume

Earnings Call today at 4:30pm ET

SUGAR LAND, Texas, March 7, 2013 /PRNewswire/ -- Arabian American Development Co. (NYSE:ARSD) released their financial results for the fourth quarter and full year ended December 31, 2012.

"We are happy to report record revenue and volume for 2012 and delighted with the progress made during the year by the Al Masane Al Kobra Mining Co. ("AMAK") mine which achieved important shipping and production milestones after years of development," said Nick Carter, President and Chief Executive Officer of Arabian American. "While we exited 2012 waiting on customer orders, we are now seeing orders resume on pace to maximize the utilization of our capacity this calendar year. Combined with ongoing AMAK shipments of copper and zinc concentrate, we believe that we have good momentum moving into 2013."

Mr. Carter continued, "There is a change to be noted in these financial statements that is important to the clarity of our information. As we had mentioned in previous communications, based upon the receipt of accurate financial information for our investment in AMAK as of and for the years ended December 31, 2012, 2011 and 2010 and also our ability to significantly influence the operation of the company, we concluded in the fourth quarter of 2012 that our investment in AMAK should be presented using the equity method of accounting. The investment had previously been presented using the cost method as of and for the years ended December 31, 2011 and 2010. The 2011 financial statements, as set forth herein, have been adjusted to apply the change in accounting method retroactively. We believe that now and going forward, this will present a more accurate picture of the value and performance of this investment"

Fourth Quarter and Full Year 2012 Highlights

Revenue for the quarter was \$49.9 million, a 18.8% decrease from the fourth quarter of 2011, and an 8% sequential decrease as compared to the third quarter of 2012. Revenue for the full year was a record \$223 million, a 11.7% increase from \$200 million in 2011.

Volume for the quarter was 14.1 million gallons versus 16.9 million gallons for the same period of 2011, a decrease of 16.8%. Full year volume was a record 63.6 million for 2012 compared to 54.3 million in 2011, a 17.1% increase.

Gross profit for the quarter was \$6.9 million compared to \$10.2 million in 2011, a 32.0% decrease. Gross profit for full year 2012 was \$30.8 million compared to \$25.9 million, an 18.7% increase.

Adjusted EBITDA for the fourth quarter was \$3.7 million compared to \$7.2 million for fourth quarter 2011. Adjusted EBITDA for the full year 2012 was \$20.9 million compared to \$16.9 million for the full year 2011.

Net income for the fourth quarter including our equity in AMAK was \$2.9 million or \$0.12 per share as compared to net income of \$3.8 million or \$0.16 per share in the fourth quarter of 2011. Net income including our equity in earnings from AMAK for the full year was \$11.4 million or \$0.46 per diluted share as compared to net income of \$13.9 million or \$0.57 per diluted share in the prior year. The change in accounting method for AMAK increased diluted 2011 EPS by approximately \$.22 from what was originally reported.

We completed the year with \$9.5 million in cash compared to \$6.7 million as of December 31, 2011. We had \$29.2 million in working capital compared to \$29.7 million at 2011 year end and a current ratio of 3.4 to 1.

Earnings Call

Arabian American will host a conference call and live webcast at 4:30 p.m. Eastern Time, today. All parties interested in participating should call 1-877-941-4774 if calling within the United States or 1-480-629-9760 if calling internationally. An audio playback will be available until March 14, 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 4601831 for the audio replay.

A link to the simultaneous webcast of today's call will be available at <http://www.arabianamericandev.com> under the investor relations tab and is available through Windows Media Player or RealPlayer. A webcast replay of the call will also be available on the Company's website under the investor relations tab for one year after the call date.

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 measure of EBITDA. We have also included "adjusted EBITDA" which excludes the effect of equity in earnings (loss) from AMAK. 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, 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.

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- Tables follow –

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

	December 31,	
	<u>2012</u>	<u>2011</u>
		<i>(restated)</i>
	<i>(thousands of dollars)</i>	
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 9,508	\$ 6,674
Derivative instruments	-	393
Trade receivables, net	15,802	23,198
Advance to AMAK	2,162	120
Prepaid expenses and other assets	1,561	562
Contractual based intangible assets	250	250
Inventories	9,840	9,456
Deferred income taxes	1,054	1,169
Taxes receivable	<u>1,182</u>	-
Total current assets	41,359	41,822
PLANT, PIPELINE, AND EQUIPMENT – AT COST	68,482	60,624
LESS ACCUMULATED DEPRECIATION	<u>(28,062)</u>	<u>(23,672)</u>
PLANT, PIPELINE, AND EQUIPMENT, NET	40,420	36,952
INVESTMENT IN AMAK	38,971	38,105
MINERAL PROPERTIES IN THE UNITED STATES	588	588
CONTRACTUAL BASED INTANGIBLE ASSETS, net of current portion	104	355
OTHER ASSETS	<u>11</u>	<u>11</u>
TOTAL ASSETS	<u>\$ 121,453</u>	<u>\$ 117,833</u>

ARABIAN AMERICAN DEVELOPMENT COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS - Continued

	<u>December 31,</u>	
	<u>2012</u>	<u>2011</u>
		<i>(restated)</i>
	<i>(thousands of dollars)</i>	
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 6,306	\$ 5,857
Accrued interest	96	116
Current portion of derivative instruments	301	345
Accrued liabilities	2,687	2,944
Accrued liabilities in Saudi Arabia	140	140
Notes payable	12	12
Current portion of post-retirement benefit	269	258
Current portion of long-term debt	1,500	1,500
Current portion of other liabilities	<u>880</u>	<u>937</u>
Total current liabilities	12,191	12,109
LONG-TERM DEBT, net of current portion	14,239	22,739
POST- RETIREMENT BENEFIT, net of current portion	649	649
DERIVATIVE INSTRUMENTS, net of current portion	592	789
OTHER LIABILITIES, net of current portion	379	1,071
DEFERRED INCOME TAXES	<u>10,094</u>	<u>9,394</u>
Total liabilities	38,144	46,751
<u>COMMITMENTS AND CONTINGENCIES</u>		
<u>EQUITY</u>		
Common Stock - authorized 40 million shares of \$.10 par value; issued and outstanding, 23.8 million and 23.7 million shares in 2012 and 2011, respectively	2,381	2,373
Additional Paid-in Capital	44,791	44,138
Accumulated Other Comprehensive Loss	(580)	(748)
Retained Earnings	<u>36,428</u>	<u>25,030</u>
Total Arabian American Development Company Stockholders' Equity	83,020	70,793
Noncontrolling interest	<u>289</u>	<u>289</u>
Total equity	<u>83,309</u>	<u>71,082</u>
TOTAL LIABILITIES AND EQUITY	\$ 121,453	\$ 117,833

ARABIAN AMERICAN DEVELOPMENT COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	THREE MONTHS ENDED		12 MONTHS ENDED	
	<u>31-Dec</u>		<u>31-Dec</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
		(restated)		(restated)
	(thousands of dollars)			
REVENUES				
Petrochemical Product Sales	\$ 48,831	\$ 60,183	\$ 218,512	\$ 194,620
Processing Fees	<u>1,106</u>	<u>1,295</u>	<u>4,346</u>	<u>4,897</u>
	49,937	61,478	222,858	199,517
OPERATING COSTS AND EXPENSES				
Cost of Petrochemical Product Sales and Processing	<u>43,031</u>	<u>51,317</u>	<u>192,100</u>	<u>173,600</u>
GROSS PROFIT	6,906	10,161	30,758	25,917
GENERAL AND ADMINISTRATIVE EXPENSES				
General and Administrative	4,027	3,643	12,782	11,778
Depreciation	<u>145</u>	<u>120</u>	<u>520</u>	<u>476</u>
	<u>4,172</u>	<u>3,763</u>	<u>13,302</u>	<u>12,254</u>
OPERATING INCOME	2,734	6,398	17,456	13,663
OTHER INCOME (EXPENSE)				
Interest Income	1	-	3	4
Interest Expense	(112)	(185)	(547)	(699)
Losses on cash flow hedge reclassified from OCI	(84)	(98)	(359)	(414)
Equity in earnings (loss) from AMAK	1,419	(255)	192	(1,018)
Gain on additional equity issue by AMAK	184	-	674	8,850
Miscellaneous Income (Expense)	<u>(25)</u>	<u>(12)</u>	<u>(117)</u>	<u>3</u>
	<u>1,383</u>	<u>(550)</u>	<u>(154)</u>	<u>6,726</u>
INCOME BEFORE INCOME TAX EXPENSE	4,117	5,848	17,302	20,389
INCOME TAXES	<u>1,190</u>	<u>2,026</u>	<u>5,904</u>	<u>6,505</u>
NET INCOME	2,927	3,822	11,398	13,884
NET LOSS ATTRIBUTABLE TO NONCONTROLLING INTEREST	=	=	=	=
NET INCOME ATTRIBUTABLE TO ARABIAN AMERICAN DEVELOPMENT CO.	<u>\$ 2,927</u>	<u>\$ 3,822</u>	<u>\$ 11,398</u>	<u>\$ 13,884</u>
Net income per common share				
Basic earnings per share	\$0.12	\$0.16	\$0.47	\$0.58
Basic weighted average number of common shares outstanding	<u>24,105</u>	<u>24,001</u>	<u>24,081</u>	<u>23,993</u>
Diluted earnings per share	\$0.12	\$0.16	\$0.46	\$0.57
Diluted weighted average number of common shares outstanding	<u>24,704</u>	<u>24,523</u>	<u>24,745</u>	<u>24,267</u>

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

	THREE MONTHS ENDED		12 MONTHS ENDED	
	<u>2012</u>	<u>31-Dec</u> <u>2011</u>	<u>2012</u>	<u>31-Dec</u> <u>2011</u>
	(in thousands)			
NET INCOME	\$ 2,927	\$ 3,822	\$ 11,398	\$ 13,884
Add back:				
Interest	196	283	906	1,113
Taxes	1,190	2,026	5,904	6,505
Depreciation	145	120	520	476
Depreciation in Cost of sales	817	695	3,053	2,744
EBITDA	\$ 5,275	\$ 6,946	\$ 21,781	\$ 24,722
Equity in (earnings) losses in AMAK	(1,603)	255	(866)	(7,832)
Adjusted EBITDA	\$ 3,672	\$ 7,201	\$ 20,915	\$ 16,890

	<u>12/31/2012</u>	<u>12/31/2011</u>
	(in thousands except ratio)	(in thousands except ratio)
Current assets	\$ 41,359	\$ 41,822
Current liabilities	\$ 12,191	\$ 12,109
Working capital	\$ 29,168	\$ 29,713
(current assets less current liabilities)		
Current ratio	<u>3.4</u>	
(current assets divided by current liabilities)		

(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.