

October 30, 2014



Trecora Resources Releases Third Quarter 2014 Results

- Revenue up 26.4% to \$76.9 million
- Volume increased 27.4% to 21.6 million gallons
- Earnings Call to be Held Today at 4:30 pm EDT

SUGAR LAND, Texas, Oct. 30, 2014 /PRNewswire/ -- Trecora Resources (NYSE: TREC), a leading provider of high purity, specialty chemicals and waxes and a minority owner of Al Masane Al Kobra Mining Co. ("AMAK"), released their financial results for the third quarter ended September 30, 2014.

"Our top line revenue growth in the third quarter 2014 continued the strength that we've seen for the last several quarters, up 26% versus the 3rd quarter 2013 and up 3% sequentially compared to 2nd quarter 2014. Our South Hampton subsidiary experienced very strong volume trends, with volume up 27% to 21.6 million gallons," said Nick Carter, CEO and President of Trecora Resources. "We are also, very pleased to announce that we have completed the SSI Chusei ("Chusei") acquisition and believe strongly that this acquisition gives us the ability to grow market share, increase product and customer diversity, and expand our footprint in specialty products and services," added Mr. Carter.

Financial Results

Trecora's third quarter revenues were another quarterly record at \$76.9 million, an increase of 26.4% from the \$60.9 million in the third quarter of 2013.

Volume was also at record levels for the quarter at 21.6 million gallons, a 27.4% increase from the 16.9 million gallon levels for the third quarter of 2013.

Gross profit margin for the quarter was 16.9% compared to 16.6% for the third quarter 2013 and up from 15.7% for the second quarter of 2014. Gross profit for the quarter was \$13.0 million compared to \$10.1 million in the same quarter last year.

Net income for Trecora Resources in the third quarter 2014 was \$5.8 million, or \$0.23 per diluted share (\$0.24 per basic share) compared to \$ 5.2 million or \$0.21 per diluted share (\$0.22 per basic share) in the third quarter of 2013. Net income was negatively impacted by the acquisition costs associated with the recent purchase of Chusei and the \$343,000 equity in loss of AMAK, yet still showed a 10.6% increase for the quarter. Operating Income increased 34.6% to \$ 8.8 million in the third quarter versus \$6.6 million in the 3rd quarter last year reflecting the strength at South Hampton.

EBITDA for the third quarter of 2014 was \$9.5 million compared to \$8.8 million for the third

quarter of 2013. Adjusted EBITDA, which removes the effects of AMAK for comparative purposes, for the third quarter of 2014 was \$9.8 million compared to \$7.5 million in 2013.

Cash at the end of the quarter was \$13.9 million compared to \$7.1 million as of September 30, 2013. The increase in cash was primarily in anticipation of the Chusei acquisition which closed on October 1, 2014. Cash provided by operations was \$18.3 million, cash used by investing activities was \$8.0 million and cash used by financing was \$4.0 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://www.trecora.com/> or by using this link: <http://public.viavid.com/index.php?id=111583>. 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 1-888-298-3451 or 1-719-457-2710 if calling internationally. 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 2028517 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 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. Recently, Trecora purchased Chusei, a leading manufacturer of specialty polyethylene waxes and also a provider of

custom processing services. Chusei is located in the heart of the Petrochemical complex in Pasadena, Texas.

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TRECORA RESOURCES AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

| | SEPTEMBER 30, 2014 (unaudited) | DECEMBER 31, 2013 |
|---|---|------------------------------------|
| | <i>(thousands of dollars)</i> | |
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 13,948 | \$ 7,608 |
| Trade receivables, net | 27,625 | 22,069 |
| Advance to AMAK | - | 536 |
| Inventories | 11,956 | 12,063 |
| Prepaid expenses and other assets | 2,520 | 2,075 |
| Contractual based intangible assets, net | - | 104 |
| Taxes receivable | - | 571 |
| Deferred income taxes | 839 | <u>1,324</u> |
| Total current assets | 56,888 | 46,350 |
| Plant, pipeline and equipment , net | 46,251 | 41,925 |
| Investment in AMAK | 53,408 | 54,095 |
| Mineral properties in the United States | 588 | 588 |
| Other assets | <u>772</u> | <u>709</u> |
| | | |
| TOTAL ASSETS | <u>\$ 157,907</u> | <u>\$ 143,667</u> |
| | | |
| LIABILITIES | | |
| Current Liabilities | | |
| Accounts payable | \$ 12,605 | \$ 7,362 |
| Accrued interest | 81 | 102 |
| Current portion of derivative instruments | 198 | 292 |
| Accrued liabilities | 3,881 | 3,060 |
| Accrued liabilities in Saudi Arabia | 140 | 140 |
| Current portion of post-retirement benefit | 284 | 278 |
| Current portion of long-term debt | 1,400 | 1,400 |
| Current portion of other liabilities | <u>1,080</u> | <u>1,654</u> |
| Total current liabilities | 19,669 | 14,288 |
| Long-term debt , net of current portion | 7,789 | 11,839 |
| Post-retirement benefit, net of current portion | 649 | 649 |
| Derivative instruments, net of current portion | 183 | 319 |
| Other liabilities, net of current portion | 706 | 1,369 |
| Deferred income taxes | <u>10,580</u> | <u>11,984</u> |
| Total liabilities | <u>39,576</u> | <u>40,448</u> |
| | | |
| EQUITY | | |
| Common stock -authorized 40 million shares of \$.10 par value; issued and outstanding 23.9 million and 23.8 million shares in 2014 and 2013, respectively | 2,395 | 2,383 |
| Additional paid-in capital | 47,673 | 46,064 |
| Accumulated other comprehensive loss | (248) | (366) |
| Retained earnings | <u>68,222</u> | <u>54,849</u> |
| Total Trecora Resources Stockholders' Equity | 118,042 | 102,930 |
| Noncontrolling Interest | <u>289</u> | <u>289</u> |
| Total equity | <u>118,331</u> | <u>103,219</u> |
| | | |
| TOTAL LIABILITIES AND EQUITY | <u>\$ 157,907</u> | <u>\$ 143,667</u> |

TRECORA RESOURCES AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

| | THREE MONTHS ENDED | | NINE MONTHS ENDED | |
|--|-------------------------------|-----------------|-------------------|------------------|
| | SEPTEMBER 30, | | SEPTEMBER 30, | |
| | 2014 | 2013 | 2014 | 2013 |
| | <i>(thousands of dollars)</i> | | | |
| REVENUES | | | | |
| Petrochemical Product Sales | \$ 75,283 | \$ 59,354 | \$ 210,517 | \$ 165,737 |
| Processing Fees | <u>1,634</u> | <u>1,516</u> | <u>5,054</u> | <u>3,853</u> |
| | 76,917 | 60,870 | 215,571 | 169,590 |
| OPERATING COSTS AND EXPENSES | | | | |
| Cost of Sales and Processing (including depreciation of \$881, \$834, \$2,614, and \$2,497, respectively) | <u>63,873</u> | <u>50,772</u> | <u>182,112</u> | <u>144,246</u> |
| GROSS PROFIT | 13,044 | 10,098 | 33,459 | 25,344 |
| GENERAL AND ADMINISTRATIVE EXPENSES | | | | |
| General and Administrative | 4,086 | 3,411 | 12,430 | 10,368 |
| Depreciation | <u>131</u> | <u>129</u> | <u>406</u> | <u>389</u> |
| | <u>4,217</u> | <u>3,540</u> | <u>12,836</u> | <u>10,757</u> |
| OPERATING INCOME | 8,827 | 6,558 | 20,623 | 14,587 |
| OTHER INCOME (EXPENSE) | | | | |
| Interest Income | 8 | 4 | 26 | 5 |
| Interest Expense | (70) | (141) | (169) | (379) |
| Losses on Cash Flow Hedge Reclassified from OCI | (60) | (73) | (190) | (231) |
| Equity in earnings (loss) of AMAK | (343) | 1,302 | (687) | 8,998 |
| Miscellaneous Expense | <u>2</u> | <u>(57)</u> | <u>(47)</u> | <u>(146)</u> |
| | <u>(463)</u> | <u>1,035</u> | <u>(1,067)</u> | <u>8,247</u> |
| INCOME BEFORE INCOME TAXES | 8,364 | 7,593 | 19,556 | 22,834 |
| INCOME TAXES | <u>2,590</u> | <u>2,372</u> | <u>6,183</u> | <u>6,519</u> |
| NET INCOME | 5,774 | 5,221 | 13,373 | 16,315 |
| NET LOSS ATTRIBUTABLE TO NONCONTROLLING INTEREST | = | = | = | = |
| NET INCOME ATTRIBUTABLE TO TRECORA RESOURCES | <u>\$ 5,774</u> | <u>\$ 5,221</u> | <u>\$ 13,373</u> | <u>\$ 16,315</u> |
| Basic Earnings per Common Share | | | | |
| Net Income Attributable to Trecora Resources (dollars) | \$ 0.24 | \$ 0.22 | \$ 0.55 | \$ 0.68 |
| Basic Weighted Average Number of Common Shares Outstanding | <u>24,175</u> | <u>24,116</u> | <u>24,163</u> | <u>24,110</u> |
| Diluted Earnings per Common Share | | | | |
| Net Income Attributable to Trecora Resources (dollars) | \$ 0.23 | \$ 0.21 | \$ 0.54 | \$ 0.66 |
| Diluted Weighted Average Number of Common Shares Outstanding | <u>24,880</u> | <u>24,782</u> | <u>24,870</u> | <u>24,697</u> |

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

| | THREE MONTHS ENDED | |
|-------------------------------------|--------------------|-----------------|
| | 30-Sep | |
| | 2014 | 2013 |
| NET INCOME | \$ 5,774 | \$ 5,221 |
| Add back: | | |
| Interest | 130 | 214 |
| Taxes | 2,590 | 2,372 |
| Depreciation | 1,012 | 963 |
| EBITDA | <u>\$ 9,506</u> | <u>\$ 8,770</u> |
| Equity in (Earnings) Losses of AMAK | 343 | (1,302) |
| Adjusted EBITDA | <u>\$ 9,849</u> | <u>\$ 7,468</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.

SOURCE Trecora Resources