

MagneGas Reports 326% Increase in Revenue for the Third Quarter of 2015; Gross Margins Improve 220 Basis Points

CEO Discusses Company's Past Year's Milestones

TAMPA, Fla., Nov. 10, 2015 /PRNewswire/ -- **MagneGas Corporation ("MagneGas" or the "Company")** (NASDAQ: MNGA), a technology company that counts among its inventions a patented process that converts liquid waste into MagneGas2® fuel, today announced financial results and provided a business update for the third quarter ending September 30, 2015.

Third Quarter 2015 Financial Highlights

- Revenue for the third quarter of 2015 increased 326% to \$623,893 compared to \$146,400 for the same period last year;
- Revenue for third quarter of 2015 increased 7% sequentially compared to the second quarter of 2015;
- Gross margin for the third quarter of 2015 improved 220 basis points to 34.9% compared to 32.7% for the third quarter of 2014.

Ermanno Santilli, Chief Executive Officer of MagneGas stated, "We continue to execute on our strategy to expand MagneGas2 sales and increase our recurring revenue base. Revenue for the third quarter more than tripled to \$623,893 versus the same period last year primarily due to our ESSI acquisition. We have added multiple distributors and marquee customers nationwide due in part to our aggressive sales campaign for MagneGas2® fuel, and the proven faster cutting speed, smaller heat affected zone, demonstrated safety attributes, and eco-friendly aspects of MagneGas2®.

"We recently announced the addition of two new industrial gas distributors on the West coast. In August, we announced Harris Industrial Gases, which has multiple locations throughout Northern California and Northern Nevada. Most recently, we announced Piners Welding Supply, a major supplier to the metal cutting and steel demolition markets in Napa, California. We expect that the increasing demand will require construction of our first local waste conversion/fuel supply facility in California.

"On the East coast, we also have added two major industrial gas distributors. In September, we announced AWISCO Corp. of New York, a leading industrial gas company. AWISCO will be the exclusive supplier of MagneGas2® fuel in certain areas of New York, New Jersey and Connecticut. We also recently announced that Haun Welding Supply, with 18 locations in New York, Pennsylvania and Vermont, will be distributing MagneGas2® fuel. These distributors have customers that include the Fire Department of New York and several major electric utility companies. We now have MagneGas2® distribution covered in all the major hubs in and around the Northeast corridor of the United States.

"We were pleased to announce in October that we have received an order to supply MagneGas2® fuel and MagneTote™ first responder backpack kits to a U.S. Army contractor. We estimate that the U.S. Army spends several million dollars per year on acetylene and related products, and this initial order could signal an opportunity for MagneGas to generate additional revenue from this market segment.

"We also recently announced that our wholly owned gas distribution subsidiary Equipment Sales and Services, Inc. ("E.S.S.I.") has received confirmation that a major industrial company is moving all of their welding gas and related product orders to E.S.S.I. The customer has stated that they are switching to E.S.S.I. due to the superior customer service and exclusive access to MagneGas2® fuel and this is estimated to be the largest sale in E.S.S.I. history. In addition, we have expanded E.S.S.I. into North Florida and Georgia through a Joint Venture expansion agreement called "E.S.S.I. North.

"Due to growing demand for MagneGas2® fuel, which has created a substantial backlog, we installed a second production facility that is now operating. We expect that the second production unit will help to fulfill the increased demand and we plan to have a third unit in operation in early 2016 to support our further growth.

"We continue to add to our growing customer base. In the past month we have announced that our cutting fuel has again been selected by industry experts as the fuel of choice for five major demolition projects in Florida. The five demolition and reconstruction projects range in scope from hotels, resorts and other structures to roadways and bridges, encompassing both the private, public and military sectors. MagneGas2® is now being used in six of the top ten demolition projects in the Central Florida area, based on our estimates.

"Looking toward the coming months, we have identified some confidential, exciting acquisitions that are in our industry. Based on the size of the markets we address, which we estimate to be in the several billion dollar range, we continue to evaluate opportunities to grow both organically and by acquisition. The goal of any acquisition would be to find synergies with our fuels or technology that would provide the target company with an accelerated growth trajectory, while bringing the overall MagneGas financial profile to profitability."

Third Quarter 2015 Financial Results

Revenues for the three months ended September 30, 2015 were \$623,893 as compared to \$146,400 for the same period last year. Revenue from the industrial gas segment was \$623,893 for the third quarter of 2015 as compared to \$123,067 for the same period last year. This was primarily due to an increase in MagneGas® fuel sales and revenue received from the acquisition of ESSI, Inc. Revenues for three month period ended September 30, 2015 increased 7% over June 30, 2015 to \$623,893 versus \$584,445. This was primarily due to the addition of new industrial gas customers.

Gross margins increased to 35% from 33% for the three month period ending September 30, 2015 versus September 30, 2014. This was primarily due to reduced product costs associated with the vendor agreements through ESSI, Inc.

Overall operating expenses increased 3% for the three month period ended September 30, 2015 versus June 30, 2015 to \$2,400,740 from \$2,325,774. Operating expenses, increased to \$2,430,740 for the period ending September 30, 2015 versus \$1,954,518 for the same period 2014. The additional expenses were primarily due to the operating expenses associated with the ESSI, Inc. acquisition as well as additional regulatory and other expenses related to the incident on April 16th.

Conference Call

MagneGas' executive management team will host a conference call Wednesday November 11th at 10:00 a.m. Eastern Time to discuss the company's financial results for the third quarter ending September 30, 2015, as well as the Company's corporate progress and other meaningful developments.

Interested parties can access the conference call by dialing (877) 407-8033 for U.S. callers or (201) 689-8033 for international callers.

A teleconference replay of the conference call will be available approximately one hour following the call, through midnight Friday, December 11, 2015, and can be accessed by dialing (877) 660-6853 for U.S. callers or (201) 612-7415 for international callers and entering conference ID: 13624046.

The MagneGas IR App is now available for free in Apple's App Store for the iPhone or iPad <http://bit.ly/AfLYww> and at Google Play <http://bit.ly/Km2iyk> for Android mobile devices.

To be added to the MagneGas investor email list, please email pcarlson@kcsa.com with MNGA in the subject line.

About MagneGas Corporation

MagneGas® Corporation (MNGA). The Company owns a patented process that converts various liquids and liquid wastes into hydrogen based fuels. These fuels can be used as a replacement to natural gas or for metal cutting. The Company's testing has shown the fuels are faster, cleaner and more productive than other alternatives on the market. They are also cost effective and safe to use with little changeover costs. The Company currently sells MagneGas® into the metal working market as a replacement to acetylene.

The MagneGas fuel production systems can be set-up locally using various types of feedstock. The Company believes this flexibility can give them an advantage in the Government/Military marketplace as fuels can be manufactured on site from raw materials found locally worldwide and eliminates the time and expense of shipping to the specific military theater. The Company is planning to establish joint ventures with third parties to construct these supply facilities worldwide.

The Company also sells equipment for the sterilization of bio-contaminated liquid waste for various industrial and agricultural markets. In addition, the Company is developing a variety of ancillary uses for MagneGas® fuels utilizing its high flame temperature for co-combustion of hydrocarbon fuels and other advanced applications. For more information on MagneGas®, please visit the Company's website at <http://www.MagneGas.com>.

FORWARD-LOOKING STATEMENTS

This press release contains forward-looking statements as defined within Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements relate to future events, including our ability to raise capital, or to our future financial performance, and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance, or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. You should not place undue reliance on forward-looking statements since they involve known and unknown risks, uncertainties and other factors which are, in some cases, beyond our control and which could, and likely will, materially affect actual results, levels of activity, performance or achievements. Any forward-looking statement reflects our current views with respect to future events and is subject to these and other risks, uncertainties and assumptions relating to our operations, results of operations, growth strategy and liquidity. We assume no obligation to publicly update or revise these forward-looking statements for any reason, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future. The Company is currently using virgin vegetable oil to produce fuel while it configures its systems to properly process waste within local regulatory requirements.

For a discussion of these risks and uncertainties, please see our filings with the Securities and Exchange Commission. Our public filings with the SEC are available from commercial document retrieval services and at the website maintained by the SEC at <http://www.sec.gov>.

(tables follow)

MagneGas Corporation Balance Sheets		September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Assets			
Current Assets			
Cash and cash equivalents		\$ 2,169,120	\$ 5,061,674
Accounts receivable, net of allowance for doubtful accounts of \$109,568 and \$104,028, respectively		331,619	268,308
Inventory, at cost		2,232,433	2,164,838
Prepaid and other current assets		540,996	300,065
Total Current Assets		5,274,168	7,794,885
Property and equipment, net of accumulated depreciation of \$1,339,576 and \$961,520, respectively		5,630,905	6,353,655
Intangible assets, net of accumulated amortization of \$333,265 and \$296,914, respectively		496,093	492,252
Investment in joint ventures		744,601	718,246
Security deposits		21,463	21,647
Goodwill		2,108,781	2,098,069
Total Assets		\$ 14,276,011	\$ 17,478,754
Liabilities and Stockholders' Equity			
Current Liabilities			
Accounts payable		\$ 444,022	\$ 155,909
Accrued expenses		262,000	52,120
Deferred revenue and Customer Deposits		30,000	56,666
Notes Payable (equipment)-Short Term		3,727	0
Total Current Liabilities		739,749	264,695

Long Term Liabilities		
Note payable on headquarters building & equipment	535,856	520,000
Total Liabilities	<u>\$ 1,275,605</u>	<u>\$ 784,695</u>
Stockholders' Equity		
Preferred stock: \$0.001 par; 10,000,000 authorized; 1,000,000 issued and outstanding	1,000	1,002
Common stock: \$0.001 par; 90,000,000 authorized; 41,215,553 and 36,691,505 issued and outstanding, respectively	41,215	36,692
Additional paid-in capital	45,195,198	42,361,578
Accumulated deficit	<u>(32,237,007)</u>	<u>(25,705,213)</u>
Total Stockholders' Equity	<u>13,000,406</u>	<u>16,694,059</u>
Total Liabilities and Stockholders' Equity	<u>\$ 14,276,011</u>	<u>\$ 17,478,754</u>

MagneGas Corporation
Statements of Operations
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Revenue:	\$ 623,893	\$ 146,400	\$ 1,753,986	\$ 516,331
Direct costs	<u>405,979</u>	<u>98,484</u>	<u>1,078,032</u>	<u>328,943</u>
	217,914	47,916	675,954	187,388
Operating Expenses:				
Selling, General and Administration	1,658,168	946,676	4,591,290	2,670,551
Sale on Unused Property	0	0	483,630	0
Stock-based compensation	100,755	380,535	410,160	1,112,563
Stock issued to pay for services	425,001	398,249	1,063,276	766,055
Research and development	104,968	124,351	231,618	306,010
Depreciation and amortization	<u>141,848</u>	<u>104,707</u>	<u>418,467</u>	<u>269,921</u>
Total Operating Expenses	<u>2,430,740</u>	<u>1,954,518</u>	<u>7,198,441</u>	<u>5,125,100</u>
Operating Income (Loss)	(2,212,826)	(1,906,602)	(6,522,487)	(4,937,712)
Other Income and (Expense):				
Net Interest	(10,815)	901	(21,070)	1,423
Other Income	<u>8,421</u>	<u> </u>	<u>11,763</u>	<u>386</u>
Total Other Income (Expense)	<u>(2,394)</u>	<u>901</u>	<u>(9,307)</u>	<u>1,809</u>
Net Income (Loss) before tax benefit	(2,215,220)	(1,905,701)	(6,531,794)	(4,935,903)
Provision for Income Taxes				
Net Income (Loss)	<u>\$ (2,215,220)</u>	<u>\$ (1,905,701)</u>	<u>\$ (6,531,794)</u>	<u>\$ (4,935,903)</u>
Net Loss per share:				
Basic and diluted	<u>\$ (0.05)</u>	<u>\$ (0.06)</u>	<u>\$ (0.17)</u>	<u>\$ (0.16)</u>
Weighted average common shares:				
Basic and diluted	<u>41,181,102</u>	<u>33,315,633</u>	<u>39,170,542</u>	<u>30,359,870</u>

The accompanying notes are an integral part of the financial statements.

Investor Contacts:
KCSA Strategic Communications
Philip Carlson / Brad Nelson
+1-212-896-1233 / +1-212-896-1217

pcarlson@kcsa.com / bnelson@kcsa.com

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SOURCE MagneGas Corporation