

# Q4 & FY 2010 Financial Results



# Disclaimer

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Statements in this presentation 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 Management's belief as well as assumptions made by and information currently available to Management. 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, 2009 and the Company's subsequent Quarterly Reports on Form 10-Q.



# Q4 2010 Financial Results Call

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## Agenda

**Financial and Operational Highlights**

**Financial Statements**

**Operational Update**

**AMAK (Mining) Update**

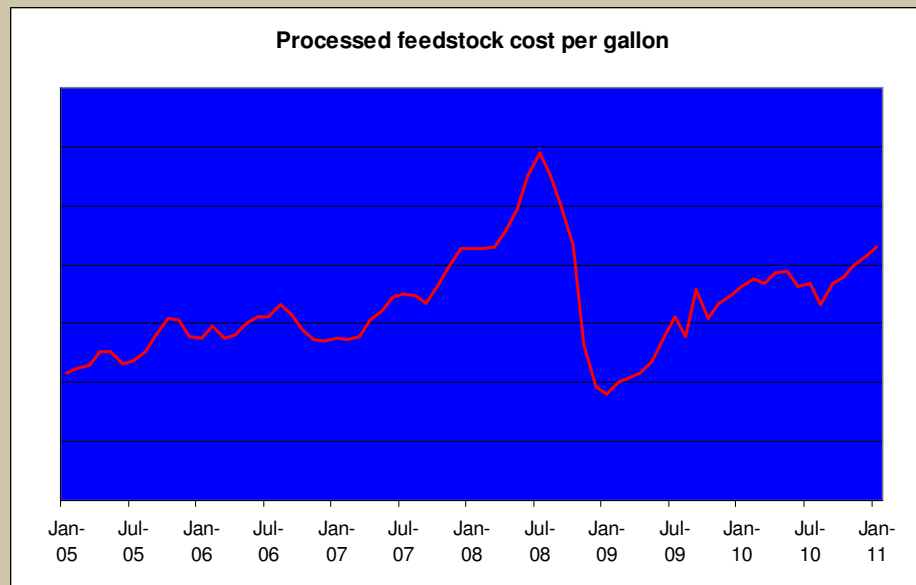
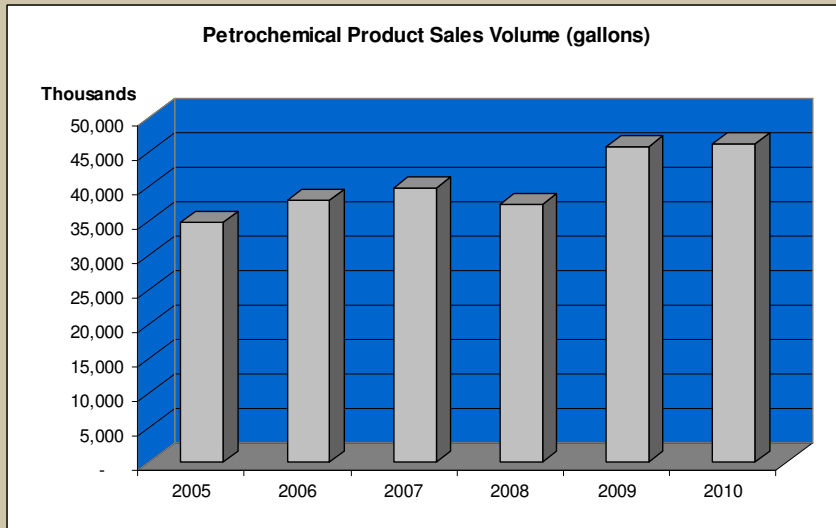
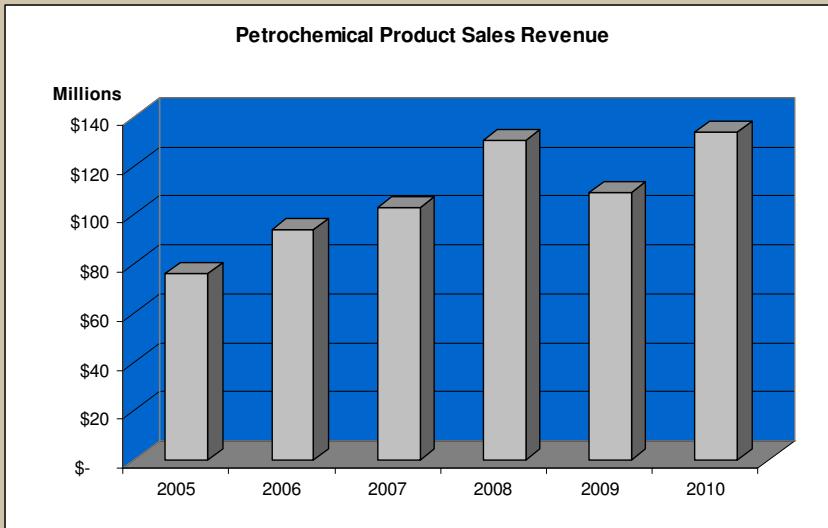
# Financial Highlights

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- 2010 full year revenue increased 18.3% to \$139.1 million compared to revenue of \$117.6 million in the same period in 2009
- Toll processing revenue was \$4.7 million, up 23.6%, during the full year 2010 compared with \$3.8 million for the same period last year
- Cash and cash equivalents increased over 210% from the year-ago period to \$7.6 million
- The company generated cash from operations of \$11.3 million, which is up 62% sequentially from \$7.0 million at the end of our third quarter 2010 and up 73.9% from \$6.5 million in the fourth quarter of 2009
- LT Debt reduced by 9% in 2010 to \$22.7 million



# Consolidated Revenue Summary



# Income Statement

(in thousands)

	<u>FY 2010</u>	<u>FY 2009</u>
<b>Revenue</b>	\$ 139,110	\$ 117,587
<b>COGS</b>	121,895	95,689
COGS%	88%	81%
<b>Gross Profit</b>	17,215	21,898
GM%	12%	19%
G&A	10,930	9,145
Depreciation and Amortization	433	443
Total Operating Expenses	11,363	9,588
<b>EBITDA</b>	8,225	14,989
EBITDA%	6%	13%
Operating Income	5,852	12,310
Op Inc%	4%	10%
Interest Income (expense), net	(1,117)	(1,265)
Misc Income (expense)	(84)	(74)
Equity in loss-AMAK	(263)	-
Income before Income Taxes	4,388	10,971
Income tax expense	1,703	4,344
Net Income	\$ 2,685	\$ 6,627

## EBITDA Calculation

Net Income	2,685	6,627
Add: Depreciation	433	444
Depreciation in COGS	2,271	2,246
Interest expense	1,133	1,328
Taxes	1,703	4,344
<b>EBITDA</b>	8,225	14,989
EBITDA Margin	6%	13%



# ARSD Balance Sheet at 12/31/10

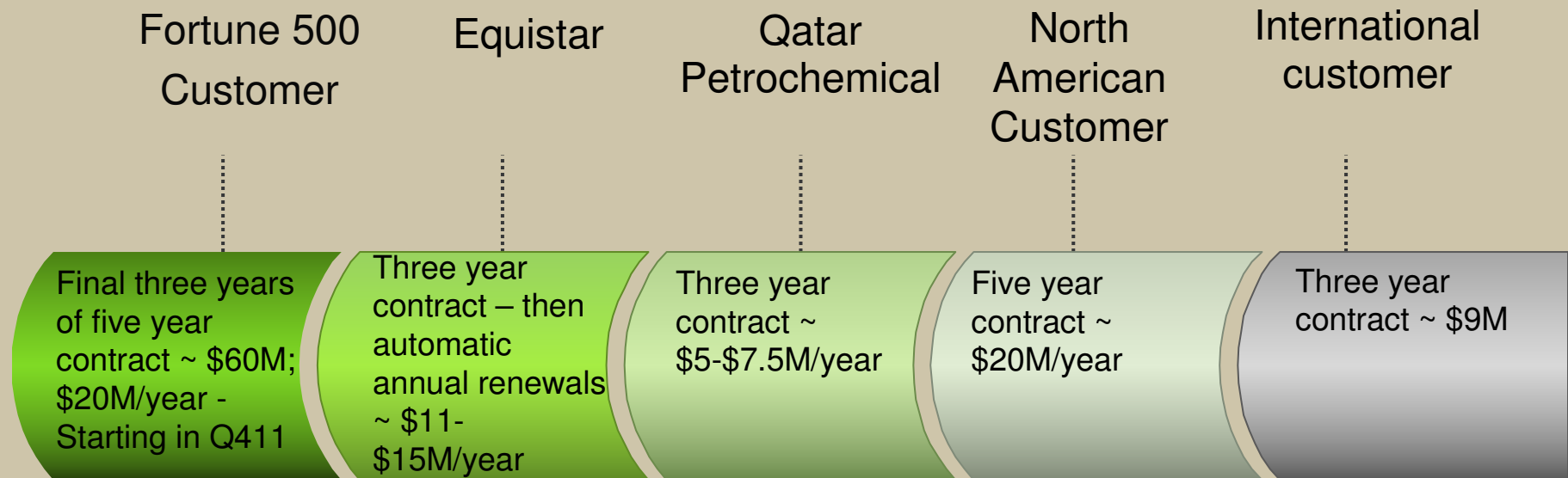
(in thousands)

Assets		Liabilities & OE	
Cash & Financial Contracts	\$ 7,787	A/P	\$ 2,778
A/R	11,212	Derivative Instruments	397
Inventories	5,917	Accrued Liabilities	2,083
Deferred Income Taxes	488	CPLTD	1,865
Other	1,171	Other	458
		Current Liabilities	\$ 7,581
Current Assets	\$ 26,575		
		LTD	20,836
PPE, net	33,864	Deferred Income Taxes	5,480
Investment in AMAK	30,884	Other Liabilities	1,790
Other long-term assets	1,204	Owners' Equity	56,840
		Total Liabilities and OE	\$ 92,527
Total Assets	\$ 92,527		
Cap table at 12/31/10			
Shares outstanding			23,683
Exercisable Options (WAEP \$1.75)			72
Total			23,755
(total outstanding options 1,077)			



# FY 2010 Petrochemical Sales

- Significant contracts in 2010 for South Hampton Resources



# Subsequent to Year End: Petrochemical Sales

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- > \$29M in contracts continues to diversify and globally expand the Company's customer base

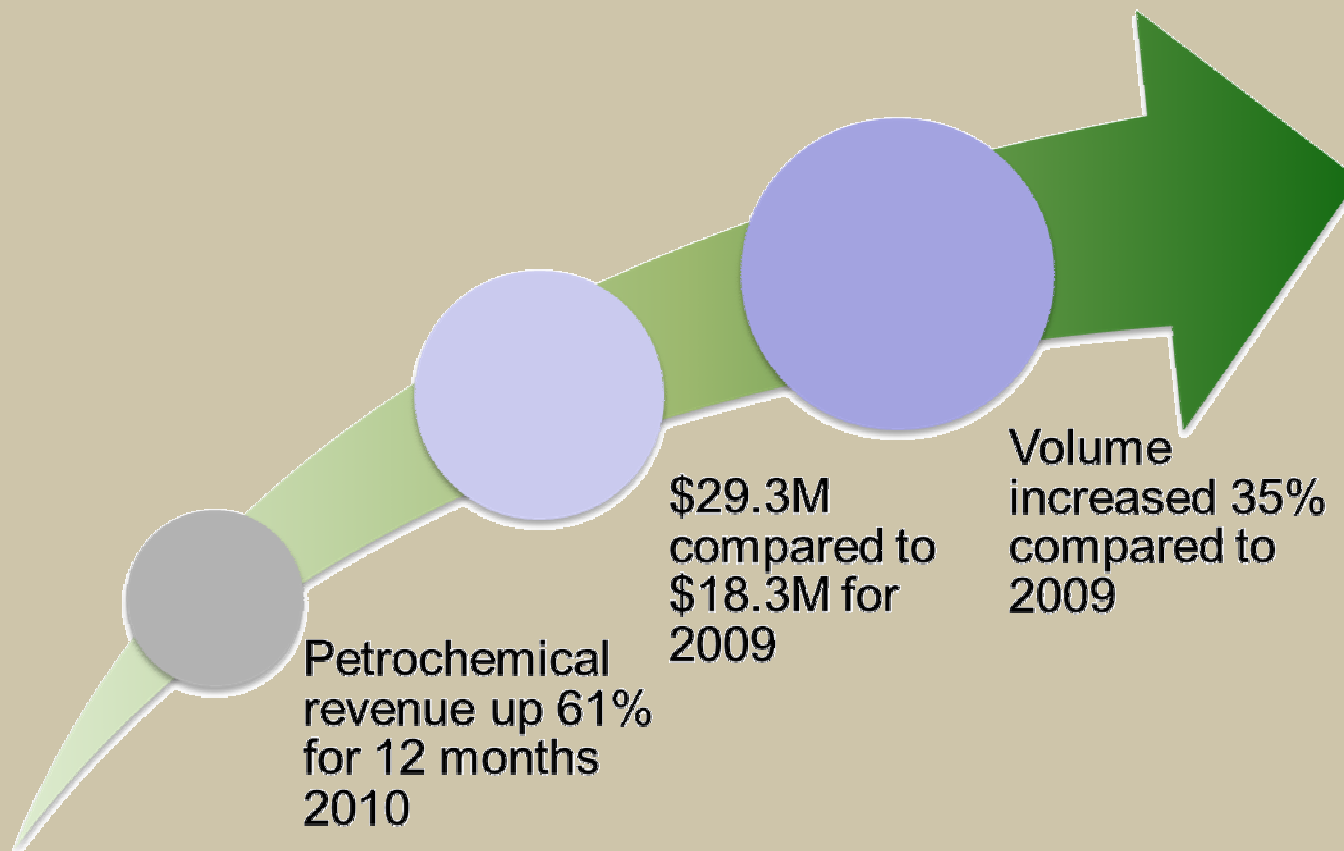
## North American-Based Customer

Five-year contract

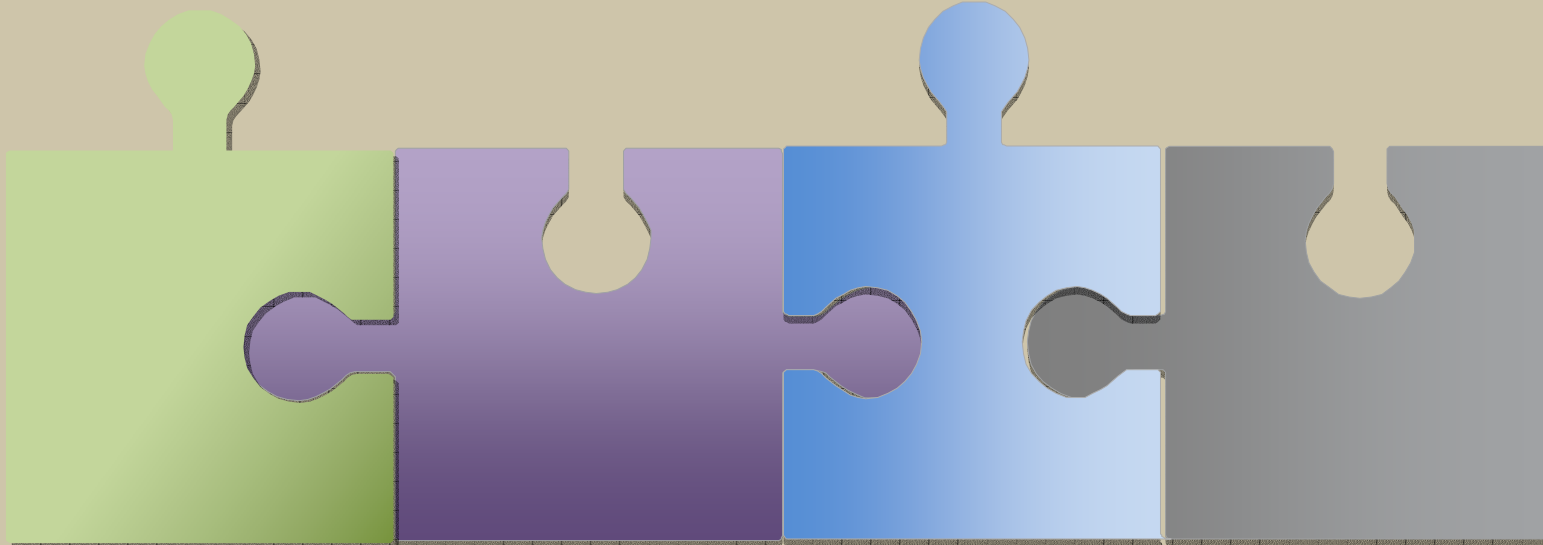
## International Customer

Three-year contract

# FY 2010 International Petrochemical Sales



# FY 2010 Petrochemical Operations Update



Moved additional customers to formula based pricing – currently ~50% of customers

Completed construction of Isomerization and Hex Treater units

Purchased STTC

Re-established feedstock hedging program

# Stabilizing Margins

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- Q4 2010 gross profits were up 96.5% to \$4.4 million from \$2.2 million
  - Both formula pricing and derivative contracts are gaining traction
  - ISOM expansion providing flexibility in managing products for greater stability to gross margins



# Investment in AMAK - Mining Initiative



ARABIAN AMERICAN  
DEVELOPMENT COMPANY SINCE 1987



NASDAQ: ARSD

# Mine Update: Subsequent to Year End

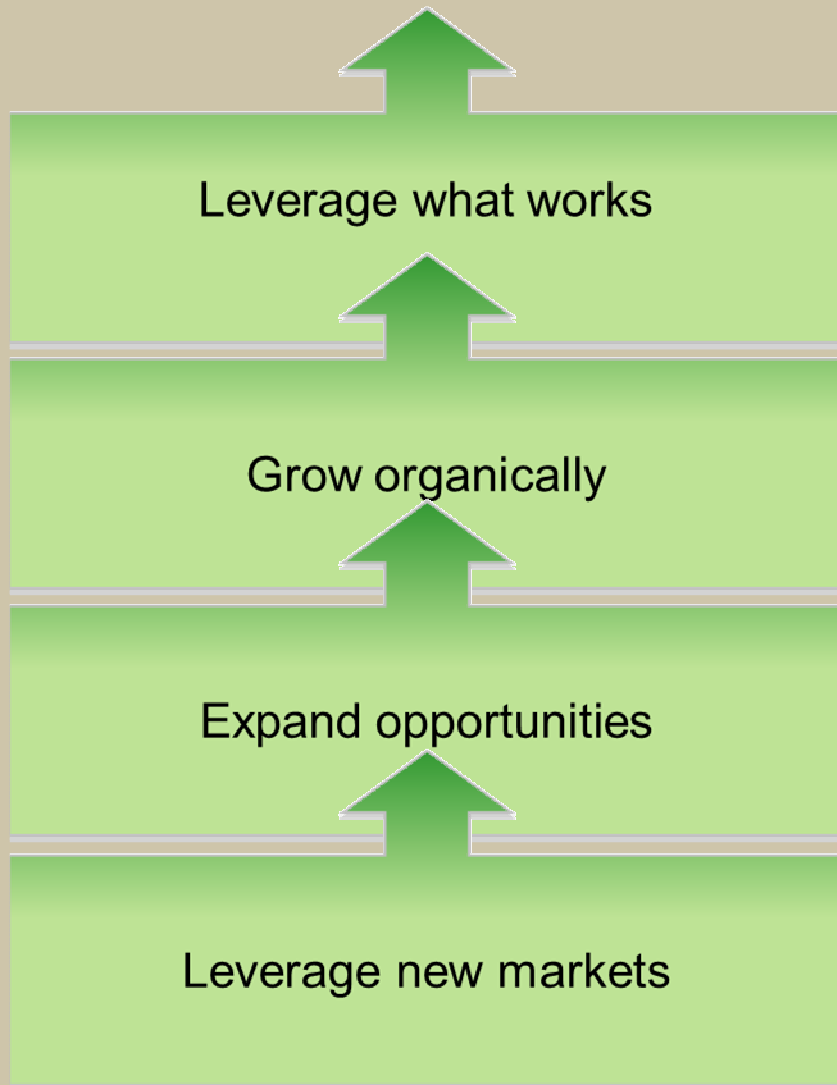
- Received permanent loan from SIDF; Repaid initial bridge loan
- Arranged further bridge financing
- Bridge loan to be repaid via second draw on SIDF loan later in 2011

- Hired a Chief Financial Officer and an Environmental Manager; completes executive staff
- AMAK Board now interviewing laboratory personnel & geologists

- AMAK Board named Mohammed Aballala Managing Director to expedite the decision making process at the mine

- ARSD listed as #54 on the list of top 100 foreign investors in Saudi Arabia
- AMAK signed on as a sponsor in the Najran Investment Forum to be held on March 13-15, 2011

# Positioned for Growth



Current daily capacity:  
6,700 bbls PenHex units  
3,400 bbls toll processing

Pentane & Hexane =  
97% of revenue  
Full capacity by 4Q13  
Q411 contract start utilizes ~20% of capacity

Feedstocks readily available  
Tolling facility at 60% of capacity  
Looking at three new opportunities

Global opportunities:  
South America, Middle East, Europe, Asia

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**Questions?**

**Thank you**

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