



Adams Resources & Energy, Inc. Announces Results For Third Quarter 2021 And Declares Quarterly Dividend

HOUSTON, Nov. 4, 2021 /PRNewswire/ -- Adams Resources & Energy, Inc. (NYSE AMERICAN: AE) ("Adams" or the "Company") today announced operational and financial results for the three months ended September 30, 2021 and declared a quarterly cash dividend of \$0.24 per common share.

- Reported net earnings of \$1.5 million, or \$0.36 per diluted common share, on revenues of \$568.2 million for the third quarter of 2021, compared to \$3.1 million, or \$0.72 per diluted common share, on revenues of \$266.9 million for the third quarter of 2020.
- Generated net cash provided by operating activities of \$12.1 million for the third quarter of 2021, versus net cash used in operating activities of \$19.6 million for the third quarter of 2020. The increase was primarily driven by changes in working capital due to an increase in the market price of crude oil.
- Reported adjusted net earnings of \$1.8 million, or \$0.41 per diluted common share, for the third quarter of 2021, compared to \$2.5 million, or \$0.60 per diluted common share, for the third quarter of 2020.
- Produced adjusted cash flow for the third quarter of 2021 of \$7.3 million versus \$10.3 million for the third quarter of 2020.

Adjusted net earnings, adjusted earnings per diluted common share and adjusted cash flow are non-generally accepted accounting principle ("non-GAAP") financial measures that are defined and reconciled in the financial tables later in this release.

Additional Highlights for Q3 2021

- Grew its cash and cash equivalents position to \$95.6 million at September 30, 2021, which represented a 143% increase from \$39.3 million at December 31, 2020.
- Increased its financial flexibility with liquidity of \$122.1 million at September 30, 2021, including cash and cash equivalents and \$26.5 million available under the Company's \$40.0 million Credit Agreement.
- Adam's crude oil marketing subsidiary, GulfMark Energy, Inc. ("GulfMark"), marketed 91,941 barrels per day ("bpd") of crude oil during the third quarter of 2021, compared to 90,896 bpd during the third quarter of 2020 and 89,585 bpd during the second quarter of 2021. GulfMark held 340,276 barrels of crude oil inventory at September 30, 2021, compared to 421,759 barrels at December 31, 2020.
- The collective fleet of Service Transport Company ("Service Transport"), Adams' liquid chemicals, pressurized gases, asphalt and dry bulk transportation subsidiary, traveled 6.93 million miles during the third quarter of 2021, versus 7.63 million miles during the third quarter of 2020 and 7.25 million miles during the second quarter of 2021. Contributing to the third quarter year-over-year decrease in miles traveled was the temporary reduction of activity levels in Louisiana due to the impacts of Hurricane Ida. This was partially offset by increased activity related to the June 2020 purchase of assets from CTL Transportation, which added new services and product lines for the Company's new and existing customers in new markets in Florida, Georgia, Illinois, Missouri and Ohio.
- Adams' crude oil pipeline and storage segment, which was established following the purchase of the Victoria Express Pipeline System ("VEX Pipeline System") in October 2020, further expanded its scope of operations during the third quarter of 2021. Pipeline throughput increased to 9,759 bpd from 7,876 bpd for the second quarter of 2021, and terminalling volumes grew to 9,159 bpd for the third quarter of 2021 from 8,106 bpd for the second quarter of 2021.

Kevin J. Roycraft, Adams' Chief Executive Officer, commented, "We are pleased with the operational and financial performance of both GulfMark and Service Transport during the third quarter of 2021. GulfMark continued to be a steady performer during the period while Service Transport's improved efficiencies overcame some of the operational disruptions from Hurricane Ida. Looking at our pipeline and storage segment, we remain pleased with the performance of the VEX Pipeline System that was acquired in October of last year as we produced another quarter of positive cash flow."

Capital Investments and Dividends

During the third quarter of 2021, the Company spent capital of \$6.3 million for tractors and other field equipment. In addition, Adams

paid dividends of \$1.0 million, or \$0.24 per common share.

Adams' Board of Directors has declared a quarterly cash dividend for the third quarter of 2021 of \$0.24 per common share, payable on December 17, 2021, to shareholders of record as of December 3, 2021. Adams' has consistently paid a dividend since 1994.

Outlook

Mr. Roycraft continued, "As we look to the remainder of this year and into 2022, we believe we are well positioned to execute on additional targeted initiatives to drive increased efficiencies designed for further leverage on our recently acquired assets and diversify our service offerings for the benefit of our customers. We also look forward to leveraging additional opportunities to prudently expand our business through prudent acquisitions as we have done so successfully in the past."

"We believe our strong financial position remains a key differentiator for Adams as we operate in a continued positive operating backdrop moving into 2022," Mr. Roycraft concluded. "As important is our best-in-class team of employees that remain squarely focused on ensuring our customers receive unparalleled service quality and reliability. I look forward to continuing to work closely with our dedicated team as we strive to take the Company to new heights and drive incremental long-term value to our shareholders."

Use of Non-GAAP Financial Measures

This press release and accompanying schedules includes the non-GAAP financial measures of adjusted cash flow, adjusted net earnings and adjusted earnings per common share. The accompanying schedules provide definitions of these non-GAAP financial measures and reconciliations to their most directly comparable financial measures calculated and presented in accordance with GAAP. Company management believes these measures are useful indicators of the financial performance of our business and uses these measurements as aids in monitoring the Company's ongoing financial performance from quarter to quarter and year to year on a regular basis and for benchmarking against peer companies. Our non-GAAP financial measures should not be considered as alternatives to GAAP measures such as net income, operating income, net cash flow provided by operating activities, earnings per share or any other measure of financial performance calculated and presented in accordance with GAAP. Our non-GAAP financial measures may not be comparable to similarly titled measures of other companies because they may not calculate such measures in the same manner as we do. The non-GAAP financial measures are defined and reconciled in the financial tables below.

About Adams Resources & Energy, Inc.

Adams Resources & Energy, Inc. is engaged in crude oil marketing, transportation, terminalling and storage and tank truck transportation of liquid chemicals and dry bulk through its subsidiaries, GulfMark Energy, Inc., Service Transport Company, Victoria Express Pipeline, LLC and GulfMark Terminals, LLC. For more information, visit www.adamsresources.com.

Cautionary Statement Regarding Forward-Looking Statements

This news release contains forward-looking statements. Forward-looking statements relate to future events and anticipated results of operations, business strategies, and other aspects of our operations or operating results. In many cases you can identify forward-looking statements by terminology such as "anticipate," "intend," "plan," "project," "estimate," "continue," "potential," "should," "could," "may," "will," "objective," "guidance," "outlook," "effort," "expect," "believe," "predict," "budget," "projection," "goal," "forecast," "target" or similar words. Statements may be forward looking even in the absence of these particular words. Where, in any forward-looking statement, the Company expresses an expectation or belief as to future results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. Forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the forward-looking statements, and any other risk factors included in Adams' reports filed with the Securities and Exchange Commission. However, there can be no assurance that such expectation or belief will result or be achieved. Unless legally required, Adams undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

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ADAMS RESOURCES & ENERGY, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|-------------------------------------|------------|------------------------------------|------------|
| | 2021 | 2020 | 2021 | 2020 |
| Revenues: | | | | |
| Marketing | \$ 543,228 | \$ 245,184 | \$ 1,310,343 | \$ 722,546 |
| Transportation | 24,826 | 21,720 | 69,558 | 50,121 |
| Pipeline and storage | 127 | - | 515 | - |
| Total revenues | 568,181 | 266,904 | 1,380,416 | 772,667 |
| Costs and expenses: | | | | |
| Marketing | 537,362 | 237,479 | 1,285,650 | 721,798 |
| Transportation | 19,605 | 17,105 | 56,143 | 41,178 |
| Pipeline and storage | 562 | - | 1,594 | - |
| General and administrative | 3,502 | 1,405 | 9,839 | 7,030 |
| Depreciation and amortization | 4,849 | 4,859 | 14,703 | 13,610 |
| Total costs and expenses | 565,880 | 260,848 | 1,367,929 | 783,616 |
| Operating earnings (losses) | 2,301 | 6,056 | 12,487 | (10,949) |
| Other income (expense): | | | | |
| Interest and other income | 37 | 105 | 233 | 614 |
| Interest expense | (178) | (70) | (602) | (288) |
| Total other (expense) income, net | (141) | 35 | (369) | 326 |
| Earnings (losses) before income taxes | 2,160 | 6,091 | 12,118 | (10,623) |
| Income tax (provision) benefit | (614) | (3,018) | (3,055) | 5,772 |
| Net earnings (losses) | \$ 1,546 | \$ 3,073 | \$ 9,063 | \$ (4,851) |
| Earnings (losses) per share: | | | | |
| Basic net earnings (losses) per common share | \$ 0.36 | \$ 0.72 | \$ 2.13 | \$ (1.14) |
| Diluted net earnings (losses) per common share | \$ 0.36 | \$ 0.72 | \$ 2.12 | \$ (1.14) |
| Dividends per common share | \$ 0.24 | \$ 0.24 | \$ 0.72 | \$ 0.72 |

ADAMS RESOURCES & ENERGY, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

| | September 30, 2021 | December 31, 2020 |
|-----------------|-----------------------|----------------------|
| ASSETS | | |
| Current assets: | | |

Current assets:

| | | |
|---|-------------------|-------------------|
| Cash and cash equivalents | \$ 95,634 | \$ 39,293 |
| Restricted cash | 6,788 | 12,772 |
| Accounts receivable, net of allowance for doubtful accounts | 130,169 | 99,799 |
| Accounts receivable - related party | 5 | - |
| Inventory | 24,362 | 19,336 |
| Derivative assets | 1,005 | 61 |
| Income tax receivable | 6,189 | 13,288 |
| Prepayments and other current assets | 1,509 | 2,964 |
| Total current assets | <u>265,661</u> | <u>187,513</u> |
| Property and equipment, net | 90,739 | 94,134 |
| Operating lease right-of-use assets, net | 7,551 | 8,051 |
| Intangible assets, net | 3,509 | 4,106 |
| Other assets | 2,965 | 2,383 |
| Total assets | <u>\$ 370,425</u> | <u>\$ 296,187</u> |

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:

| | | |
|--|----------------|----------------|
| Accounts payable | \$ 154,860 | \$ 85,991 |
| Derivative liabilities | 964 | 52 |
| Current portion of finance lease obligations | 4,028 | 4,112 |
| Current portion of operating lease liabilities | 2,201 | 2,050 |
| Other current liabilities | 13,084 | 22,343 |
| Total current liabilities | <u>175,137</u> | <u>114,548</u> |

Other long-term liabilities:

| | | |
|--------------------------------------|----------------|----------------|
| Long-term debt | 8,000 | - |
| Asset retirement obligations | 2,359 | 2,308 |
| Finance lease obligations | 10,434 | 11,507 |
| Operating lease liabilities | 5,353 | 6,000 |
| Deferred taxes and other liabilities | 11,060 | 12,732 |
| Total liabilities | <u>212,343</u> | <u>147,095</u> |

Commitments and contingencies

| | | |
|--|-------------------|-------------------|
| Shareholders' equity | 158,082 | 149,092 |
| Total liabilities and shareholders' equity | <u>\$ 370,425</u> | <u>\$ 296,187</u> |

ADAMS RESOURCES & ENERGY, INC. AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

| | Nine Months Ended September 30, | |
|---|------------------------------------|------------|
| | 2021 | 2020 |
| Operating activities: | | |
| Net earnings (losses) | \$ 9,063 | \$ (4,851) |
| Adjustments to reconcile net earnings (losses) to net cash provided by (used in) operating activities: | | |

| | | |
|---|------------|-----------|
| Depreciation and amortization | 14,703 | 13,610 |
| Gains on sales of property | (532) | (985) |
| Provision for doubtful accounts | (3) | (27) |
| Stock-based compensation expense | 641 | 453 |
| Deferred income taxes | (1,664) | (1,503) |
| Net change in fair value contracts | (32) | (3) |
| Changes in assets and liabilities: | | |
| Accounts receivable | (30,367) | (93) |
| Accounts receivable/payable, affiliates | (5) | 153 |
| Inventories | (5,026) | 10,465 |
| Income tax receivable | 7,099 | (1,782) |
| Prepayments and other current assets | 1,455 | 142 |
| Accounts payable | 68,766 | (70,082) |
| Accrued liabilities | 770 | 4,396 |
| Other | (636) | 17 |
| Net cash provided by (used in) operating activities | 64,232 | (50,090) |
| Investing activities: | | |
| Property and equipment additions | (9,929) | (3,589) |
| Asset acquisition | - | (9,163) |
| Proceeds from property sales | 1,886 | 2,282 |
| Insurance and state collateral refunds | - | 1,127 |
| Net cash used in investing activities | (8,043) | (9,343) |
| Financing activities: | | |
| Borrowings under Credit Agreement | 8,000 | - |
| Principal repayments of finance lease obligations | (3,240) | (1,677) |
| Payment for financed portion of VEX acquisition | (10,000) | - |
| Net proceeds from sale of equity | 2,504 | - |
| Payment of contingent consideration liability | - | (111) |
| Dividends paid on common stock | (3,096) | (3,063) |
| Net cash used in financing activities | (5,832) | (4,851) |
| Increase (Decrease) in cash and cash equivalents, including restricted cash | 50,357 | (64,284) |
| Cash and cash equivalents, including restricted cash, at beginning of period | 52,065 | 122,255 |
| Cash and cash equivalents, including restricted cash, at end of period | \$ 102,422 | \$ 57,971 |

ADAMS RESOURCES & ENERGY, INC. AND SUBSIDIARIES

NON-GAAP RECONCILIATIONS

(In thousands, except per share data)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|-------------------------------------|----------|------------------------------------|------------|
| | 2021 | 2020 | 2021 | 2020 |
| Reconciliation of Adjusted Cash Flow to | | | | |
| Net Earnings (Losses): | | | | |
| Net earnings (losses) | \$ 1,546 | \$ 3,073 | \$ 9,063 | \$ (4,851) |
| Add (subtract): | | | | |
| Income tax (benefit) provision | 614 | 3,018 | 3,055 | (5,772) |
| Depreciation and amortization | 4,849 | 4,859 | 14,703 | 13,610 |
| Gain on sale of property | (607) | (645) | (500) | (605) |

| | | | | |
|---|-----------------|------------------|------------------|------------------|
| Gains on sales of property | (267) | (845) | (532) | (985) |
| Stock-based compensation expense | 224 | 149 | 641 | 453 |
| Early retirement and terminations costs | - | - | - | 431 |
| Inventory liquidation gains | - | - | (10,282) | - |
| Inventory valuation losses | 311 | 12 | - | 18,196 |
| Net change in fair value contracts | (7) | 9 | (32) | (3) |
| Adjusted cash flow | <u>\$ 7,270</u> | <u>\$ 10,275</u> | <u>\$ 16,616</u> | <u>\$ 21,079</u> |

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|-------------------------------------|-----------------|------------------------------------|-----------------|
| | 2021 | 2020 | 2021 | 2020 |
| Adjusted net (losses) earnings and (losses) | | | | |
| earnings per common share (Non-GAAP): | | | | |
| Net earnings (losses) | \$ 1,546 | \$ 3,073 | \$ 9,063 | \$ (4,851) |
| Add (subtract): | | | | |
| Gains on sales of property | (267) | (845) | (532) | (985) |
| Stock-based compensation expense | 224 | 149 | 641 | 453 |
| Early retirement and terminations costs | - | - | - | 431 |
| Net change in fair value contracts | (7) | 9 | (32) | (3) |
| Inventory liquidation gains | - | - | (10,282) | - |
| Inventory valuation losses | 311 | 12 | - | 18,196 |
| Tax effect of adjustments to earnings (losses) | (55) | 142 | 2,142 | (3,799) |
| Adjusted net earnings | <u>\$ 1,752</u> | <u>\$ 2,540</u> | <u>\$ 1,000</u> | <u>\$ 9,442</u> |
| Adjusted earnings per common share | <u>\$ 0.41</u> | <u>\$ 0.60</u> | <u>\$ 0.23</u> | <u>\$ 2.23</u> |

ADAMS RESOURCES & ENERGY, INC. AND SUBSIDIARIES

NON-GAAP RECONCILIATIONS

(In thousands)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|-------------------------------------|-------------|------------------------------------|-------------|
| | 2021 | 2020 | 2021 | 2020 |
| Reconciliation of Adjusted Cash Flow to Net Cash | | | | |
| Provided by (Used in) Operating Activities: | | | | |
| Net cash provided by (used in) operating activities | \$ 12,125 | \$ (19,631) | \$ 64,232 | \$ (50,090) |
| Add (subtract): | | | | |
| Income tax provision (benefit) | 614 | 3,018 | 3,055 | (5,772) |
| Deferred income taxes | 28 | (31) | 1,664 | 1,503 |
| Provision for doubtful accounts | 1 | 3 | 3 | 27 |
| Early retirement and terminations costs | - | - | - | 431 |
| Inventory liquidation gains | - | - | (10,282) | - |

| | | | | |
|-----------------------------------|-----------------|------------------|------------------|------------------|
| Inventory valuation losses | 311 | 12 | - | 18,196 |
| Changes in assets and liabilities | (5,809) | 26,904 | (42,056) | 56,784 |
| Adjusted cash flow | <u>\$ 7,270</u> | <u>\$ 10,275</u> | <u>\$ 16,616</u> | <u>\$ 21,079</u> |

SOURCE Adams Resources & Energy, Inc.

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