



May 10, 2016

## FutureFuel Releases First Quarter 2016 Results

FutureFuel First Quarter Net Income Increases \$2.5 Million

Reports Net Income of \$10.6 Million or \$0.24 per Diluted Share, and Adjusted EBITDA of \$12.7 Million

CLAYTON, MO, May 10, 2016 (GLOBE NEWSWIRE) -- [FutureFuel Corp.](#) (NYSE:FF) ("FutureFuel"), a manufacturer of custom and performance chemicals and biofuels, today announced financial results for the three months ended March 31, 2016.

### First Quarter 2016 Financial Highlights (all comparisons are with the first quarter of 2015)

- | Revenues were \$46.6 million, down 13.8% from \$54.1 million
- | Adjusted EBITDA was \$12.7 million, down 1.0% from \$12.8 million
- | Net income increased to \$10.6 million, or \$0.24 per diluted share, from \$8.1 million, or \$0.19 per diluted share.

"Our first quarter earnings improvement was driven by the strength of our biofuel business operating in an improved regulatory environment with the support of the federal blenders' tax credit. We were challenged in our custom chemical business based on contraction in energy and agricultural crop chemistry markets. We do believe we are well positioned longer term in these markets and will continue to work on managing our costs in this current environment," said Paul Flynn, Executive Vice President of Business and Marketing for FutureFuel Chemical Company.

### 2016 Regular Cash Dividends

FutureFuel declared normal quarterly dividends of \$0.06 per share for the first quarter of 2016. The remaining dividends will be paid in June, September, and December.

### Financial Overview and Key Operating Metrics

Financial and operating metrics, which include non-GAAP financial measures, include dollars in thousands, except per share amounts:

#### FutureFuel Corp. Certain Financial and Operating Metrics (Unaudited)

	<u>Three months ended March 31:</u>			
	<u>Dollar</u>		<u>%</u>	
	<u>2016</u>	<u>2015</u>	<u>Change</u>	<u>Change</u>
Revenues	\$46,635	\$54,087	\$(7,452)	(13.8%)
Income from operations	\$ 8,529	\$10,777	\$(2,248)	(20.9%)
Net income	\$10,569	\$ 8,131	\$ 2,438	30.0%
Earnings per common share:				
Basic	\$ 0.24	\$ 0.19	\$ 0.05	27.2%
Diluted	\$ 0.24	\$ 0.19	\$ 0.05	27.2%
Capital expenditures and intangibles (net of customer reimbursements and regulatory grants)	\$ 778	\$ 2,320	\$(1,542)	(66.5%)
Adjusted EBITDA	\$12,702	\$12,836	\$ (134)	(1.0%)

### First Quarter Financial and Business Summary

Sales revenue from the chemicals segment decreased 26.7% compared to 2015 and accounted for 53.8% of total revenues in the first three months of 2016 as compared to 63.2% in the same period in 2015. Sales revenue in the three months ended March 31, 2016 declined by \$9,138 compared to the three months ended March 31, 2015. Sales revenue from the

biofuels segment increased \$1,686 and accounted for 46.2% of total revenues in the first three months of 2016 as compared to 36.8% in the same period in 2015.

Sales revenue for our custom chemicals (unique chemicals produced for specific customers) for the three months ended March 31, 2016 totaled \$20,292, a decline of \$9,506 from the comparable period in 2015. This decline was primarily attributed to continued lower sales volumes and price of the laundry detergent additive and lower sales volumes of chemicals used in the agricultural and fuel markets. Further impacting revenue was reduced selling prices in accordance with contractual agreements indexed to key raw materials. Performance chemicals (comprised of multi-customer products which are sold based on specification) sales revenues were \$4,776 in the three months ended March 31, 2016, an increase of \$368 from the three months ended March 31, 2015.

Biofuels sales revenue in the three months ended March 31, 2016 increased \$1,686 when compared to the three months ended March 31, 2015. This increase was primarily from a 45% increase in sales volume of biodiesel and biodiesel blends in the first quarter 2016 as compared to the first quarter of 2015. The market in 2015 was challenged given the absence of the \$1 per gallon blenders tax credit (BTC) and no final mandate from the EPA for the renewable fuel standard. This quarter, we have benefited with both legislative provisions in place. Partially offsetting the volume benefit was lower prices in the continued challenged fuel market. We also experienced a 5% decrease in pipeline sales revenue in the first quarter of 2016 as compared to the first quarter of 2015.

Gross profit for the chemicals segment for the three months ended March 31, 2016 decreased by \$2,281 when compared to the three months ended March 31, 2015. This decrease resulted from: i) lower sales volumes and selling prices of the laundry detergent additive and ii) reduced volume from the timing of delayed shipments for other custom products. Partially offsetting these declines was the benefit of adjustment in the carrying value of our inventory as determined utilizing the LIFO method of inventory accounting. The net result of these changes was a 29% decline in cost of goods sold and distribution expense as compared to a 27% decline in revenue in the three months ended March 31, 2016.

Biofuels gross profit in the three months ended March 31, 2016 increased \$20 when compared to the three months ended March 31, 2015. Cost of goods sold declined quarter over quarter 10% as compared to a decline of 8% in sales revenue for the same periods. Profits were benefited by the change in adjustments in the carrying value of our inventory as determined utilizing the LIFO method of inventory accounting. This benefit was offset by a lower of cost or market adjustment and from the change in activity from derivative instruments.

FutureFuel reported net income of \$10.6 million, or \$0.24 per diluted share, in the first quarter of 2016 compared to net income of \$8.1 million, or \$0.19 per diluted share in 2015. Net income for the quarter ended March 31, 2016 increased 30% or \$2,438 as compared to the same quarter in 2015. This increase was primarily due to the significant change in the income tax benefit from the BTC in the three months ended March 31, 2016 as compared to the income tax provision in the three months ended March 31, 2015 without the BTC.

## Capital Expenditures

Capital expenditures and intangibles were \$897 thousand in the first quarter of 2016, compared with \$2.5 million in the same period in 2015. FutureFuel was reimbursed for a portion of these expenditures by certain customers as summarized in the following table.

(Dollars in thousands)

	Three months ended March 31:	
	2016	2015
Cash paid for capital expenditures and intangibles	\$ 897	\$ 2,539
Cash received as reimbursement of capital expenditures	(119)	(219)
Cash paid, net of reimbursement, for capital expenditures	\$ 778	\$ 2,320

## Cash and Cash Equivalents and Marketable Securities

Cash and cash equivalents and marketable securities totaled \$225 million as of March 31, 2016, compared with \$229 million as of December 31, 2015.

## About FutureFuel

FutureFuel is a leading manufacturer of diversified chemical products, specialty chemical products, and biofuel products. In its chemicals business, FutureFuel manufactures specialty chemicals for specific customers ("custom chemicals") as well as multi-customer specialty chemicals ("performance chemicals"). FutureFuel's custom chemicals product portfolio includes a

bleach activator for a major detergent manufacturer, proprietary herbicide and intermediates for major life sciences companies, and chlorinated polyolefin adhesion promoters and antioxidant precursors for a major chemical company. FutureFuel's performance chemicals product portfolio includes polymer (nylon) modifiers and several small-volume specialty chemicals for diverse applications. FutureFuel's biofuels segment involves predominantly the production of biodiesel and sales of petroleum products on common carrier pipelines. Please visit [www.futurefuelcorporation.com](http://www.futurefuelcorporation.com) for more information.

## **Forward-Looking Statements**

This document contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements deal with FutureFuel's current plans, intentions, beliefs, and expectations, and statements of future economic performance. Statements containing such terms as "believe," "do not believe," "plan," "expect," "intend," "estimate," "anticipate," and other phrases of similar meaning are considered to contain uncertainty and are forward-looking statements. In addition, from time to time FutureFuel or its representatives have made or will make forward-looking statements orally or in writing. Furthermore, such forward-looking statements may be included in various filings that the company makes with United States Securities and Exchange Commission (the "SEC"), in press releases, or in oral statements made by or with the approval of one of FutureFuel's authorized executive officers.

These forward-looking statements are subject to certain known and unknown risks and uncertainties, as well as assumptions that could cause actual results to differ materially from those reflected in these forward-looking statements. Factors that might cause actual results to differ include, but are not limited to, those set forth under the headings "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in FutureFuel's Form 10-K Annual Report for the year ended December 31, 2015 and in its future filings made with the SEC. An investor should not place undue reliance on any forward-looking statements contained in this document, which reflect FutureFuel management's opinions only as of their respective dates. Except as required by law, the company undertakes no obligation to revise or publicly release the results of any revisions to forward-looking statements. The risks and uncertainties described in this document and in current and future filings with the SEC are not the only ones faced by FutureFuel. New factors emerge from time to time, and it is not possible for the company to predict which will arise. There may be additional risks not presently known to the company or that the company currently believes are immaterial to its business. In addition, FutureFuel cannot assess the impact of each factor on its business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. If any such risks occur, FutureFuel's business, operating results, liquidity, and financial condition could be materially affected in an adverse manner. An investor should consult any additional disclosures FutureFuel has made or will make in its reports to the SEC on Forms 10-K, 10-Q, and 8-K, and any amendments thereto. All subsequent written and oral forward-looking statements attributable to FutureFuel or persons acting on its behalf are expressly qualified in their entirety by the cautionary statements contained in this document.

## **Non-GAAP Financial Measures**

In this press release, FutureFuel used adjusted EBITDA as a key operating metric to measure both performance and liquidity. Adjusted EBITDA is a non-GAAP financial measure. Adjusted EBITDA is not a substitute for operating income, net income, or cash flow from operating activities (each as determined in accordance with GAAP), as a measure of performance or liquidity. Adjusted EBITDA has limitations as an analytical tool, and should not be considered in isolation or as a substitute for analysis of results as reported under GAAP. FutureFuel defines adjusted EBITDA as net income before interest, income taxes, depreciation, and amortization expenses, excluding, when applicable, non-cash share-based compensation expense, public offering expenses, acquisition-related transaction costs, purchase accounting adjustments, loss on disposal of property and equipment, gains or losses on derivative instruments, other non-operating income or expense. Information relating to adjusted EBITDA is provided so that investors have the same data that management employs in assessing the overall operation and liquidity of FutureFuel's business. FutureFuel's calculation of adjusted EBITDA may be different from similarly titled measures used by other companies; therefore, the results of its calculation are not necessarily comparable to the results of other companies.

Adjusted EBITDA allows FutureFuel's chief operating decision makers to assess the performance and liquidity of FutureFuel's business on a consolidated basis to assess the ability of its operating segments to produce operating cash flow to fund working capital needs, to fund capital expenditures, and to pay dividends. In particular, FutureFuel management believes that adjusted EBITDA permits a comparative assessment of FutureFuel's operating performance and liquidity, relative to a performance and liquidity based on GAAP results, while isolating the effects of depreciation and amortization, which may vary among its operating segments without any correlation to their underlying operating performance, and of non-cash stock-based compensation expense, which is a non-cash expense that varies widely among similar companies, and gains and losses on derivative instruments, whose immediate recognition can cause net income to be volatile from quarter to quarter due to the timing of the valuation change in the derivative instruments relative to the sale of biofuel.

A table included in this earnings release reconciles adjusted EBITDA with net income, the most directly comparable GAAP performance financial measure, and a table reconciles adjusted EBITDA with cash flows from operations, the most directly

comparable GAAP liquidity financial measure.

**FutureFuel Corp.**  
**Condensed Consolidated Balance Sheets**  
(Dollars in thousands)

	<b>March 31, 2016</b>	<b>December 31, 2015</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 148,312	\$ 154,049
Accounts receivable, inclusive of BTC of \$38,096 and \$30,895 and net of allowances for bad debt of \$0 and \$0 at March 31, 2016 and December 31, 2015, respectively	56,775	46,329
Inventory	69,907	64,957
Marketable securities	76,203	74,667
Other current assets	16,469	19,822
<b>Total current assets</b>	<b>367,666</b>	<b>359,824</b>
Property, plant and equipment, net	122,490	124,330
Other assets	5,046	4,955
<b>Total noncurrent assets</b>	<b>127,536</b>	<b>129,285</b>
<b>Total Assets</b>	<b>\$ 495,202</b>	<b>\$ 489,109</b>
<b>Liabilities and Stockholders' Equity</b>		
Accounts payable	\$ 31,518	\$ 34,686
Other current liabilities	13,206	13,867
<b>Total current liabilities</b>	<b>44,724</b>	<b>48,553</b>
Deferred revenue - long-term	18,033	15,908
Other noncurrent liabilities	29,459	30,336
<b>Total noncurrent liabilities</b>	<b>47,492</b>	<b>46,244</b>
<b>Total Liabilities</b>	<b>92,216</b>	<b>94,797</b>
Commitments and contingencies:		
Preferred stock, \$0.0001 par value, 5,000,000 shares authorized, none issued and outstanding	-	-
Common stock, \$0.0001 par value, 75,000,000 shares authorized, 43,721,376 and 43,715,832, issued and outstanding as of March 31, 2016 and December 31, 2015	4	4
Accumulated other comprehensive income	2,495	2,055
Additional paid in capital	279,519	279,231
Retained earnings	120,968	113,022
<b>Total Stockholders' Equity</b>	<b>402,986</b>	<b>394,312</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 495,202</b>	<b>\$ 489,109</b>

**FutureFuel Corp.**  
**Condensed Consolidated Statements of Operations and Comprehensive Income**  
(Dollars in thousands, except per share amounts)

	<b>Three months ended March 31:</b>	
	<b>2016</b>	<b>2015</b>
Revenue	\$ 46,635	\$ 54,087
Cost of goods sold and distribution	35,582	40,773
<b>Gross profit</b>	<b>11,053</b>	<b>13,314</b>
Selling, general, and administrative expenses		
Compensation expense	1,166	1,153
Other expense	623	609
Related party expense	48	60
Research and development expenses	687	715
	<b>2,524</b>	<b>2,537</b>
<b>Income from operations</b>	<b>8,529</b>	<b>10,777</b>

Interest and dividend income	1,345	1,267
Interest expense	(43)	(6)
(Loss)/gain on marketable securities	(1,018)	1,020
Other expense	(116)	(44)
	<u>168</u>	<u>2,237</u>
Income before income taxes	8,477	13,014
(Benefit)/provision for income taxes	(1,872)	4,883
<b>Net income</b>	<u>\$ 10,569</u>	<u>\$ 8,131</u>

#### Earnings per common share

Basic	\$ 0.24	\$ 0.19
Diluted	\$ 0.24	\$ 0.19

#### Weighted average shares outstanding

Basic	43,475,630	43,372,388
Diluted	43,486,548	43,382,283

#### Comprehensive Income

Net income	\$ 10,569	\$ 8,131
Other comprehensive income/(loss) from unrealized net gains/(losses) on available-for-sale securities, net of tax of \$238 in 2016 and of \$(375) in 2015	440	(601)
<b>Comprehensive income</b>	<u>\$ 11,009</u>	<u>\$ 7,530</u>

**FutureFuel Corp.**  
**Consolidated Statements of Cash Flows**  
**For the Three Months Ended March 31, 2016 and 2015**  
**(Dollars in thousands)**

	<u>Three months ended March 31:</u>	
	<u>2016</u>	<u>2015</u>
<b>Cash flows provided by operating activities</b>		
Net income	\$ 10,569	\$ 8,131
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	2,622	2,301
Amortization of deferred financing costs	36	-
Benefit for deferred income taxes	(3,822)	(5,831)
Change in fair value of derivative instruments	3,398	4,653
Other than temporary impairment of marketable securities	1,240	186
Gain on the sale of investments	(222)	(1,207)
Stock based compensation	477	477
Losses on disposals of fixed assets	115	44
Noncash interest expense	7	6
Changes in operating assets and liabilities:		
Accounts receivable	(8,153)	33,709
Accounts receivable - related parties	(2,293)	1,104
Inventory	(4,950)	(19,087)
Income tax receivable	1,228	9,872
Prepaid expenses	106	350
Prepaid expenses - related party	-	(23)
Accrued interest on marketable securities	(30)	(56)
Other assets	(127)	(330)
Accounts payable	(3,217)	3,757
Accounts payable - related parties	49	(2,907)
Accrued expenses and other current liabilities	1,436	2,700
Accrued expenses and other current liabilities - related parties	-	369
Deferred revenue	2,720	2,868
Other noncurrent liabilities	8	16
<b>Net cash provided by operating activities</b>	<u>1,197</u>	<u>41,102</u>

<b>Cash flows from investing activities</b>		
Collateralization of derivative instruments	(1,349)	(4,937)
Purchase of marketable securities	(11,000)	(13,324)
Proceeds from the sale of marketable securities	9,124	18,708
Capital expenditures	(897)	(2,539)
<b>Net cash used in investing activities</b>	<b>(4,122)</b>	<b>(2,092)</b>
<b>Cash flows from financing activities</b>		
Minimum tax withholding on stock options exercised and awards vested	(53)	(22)
Excess tax benefits associated with stock options and awards	(136)	-
Payment of dividends	(2,623)	(2,623)
<b>Net cash used in financing activities</b>	<b>(2,812)</b>	<b>(2,645)</b>
Net change in cash and cash equivalents	(5,737)	36,365
Cash and cash equivalents at beginning of period	154,049	124,079
<b>Cash and cash equivalents at end of period</b>	<b>\$ 148,312</b>	<b>\$ 160,444</b>

**FutureFuel Corp.**  
**Reconciliation of Non-GAAP Financial Measure to Financial Measure**  
**(Dollars in thousands)**  
**(Audited)**

**Reconciliation of Adjusted EBITDA to Net Income**

	<b>Three months ended March 31:</b>	
	<b>2016</b>	<b>2015</b>
Adjusted EBITDA	\$ 12,702	\$ 12,836
Depreciation and amortization	(2,658)	(2,301)
Non-cash stock-based compensation	(477)	(477)
Interest and dividend income	1,345	1,267
Interest expense	(43)	(6)
Losses on disposal of property and equipment	(115)	(44)
(Losses)/gains on derivative instruments	(1,039)	719
(Losses)/gains on marketable securities	(1,018)	1,020
Income tax benefit/(expense)	1,872	(4,883)
Net income	<u>\$ 10,569</u>	<u>\$ 8,131</u>

**Reconciliation of Adjusted EBITDA to Net Cash Provided by Operating Activities**

	<b>Three months ended March 31:</b>	
	<b>2016</b>	<b>2015</b>
Adjusted EBITDA	\$ 12,702	\$ 12,836
Amortization of deferred financing costs	(36)	-
Provision for deferred income taxes	(3,822)	(5,831)
Interest and dividend income	1,345	1,267
Income tax benefit/(provision)	1,872	(4,883)
(Losses)/gains on derivative instruments	(1,039)	719
Change in fair value of derivative instruments	3,398	4,653
Changes in operating assets and liabilities, net	(13,223)	32,342
Other	-	(1)
Net cash provided by operating activities	<u>\$ 1,197</u>	<u>\$ 41,102</u>

**FutureFuel Corp.**  
**Condensed Consolidated Segment Income**  
**(Dollars in thousands)**

**(Audited)**

	<b>Three months ended March 31:</b>	
	<b>2016</b>	<b>2015</b>
Revenue		
Custom chemicals	\$ 20,292	\$ 29,798
Performance chemicals	4,776	4,408
Chemicals revenue	\$ 25,068	\$ 34,206
Biofuels revenue	21,567	19,881
Total Revenue	<u>\$ 46,635</u>	<u>\$ 54,087</u>
Segment gross profit		
Chemicals	\$ 8,572	\$ 10,853
Biofuels	2,481	2,461
Total gross profit	11,053	13,314
Corporate expenses	<u>(2,524)</u>	<u>(2,537)</u>
Income before interest and taxes	8,529	10,777
Interest and other income	1,345	2,287
Interest and other expense	(1,177)	(50)
Benefit/(provision) for income taxes	1,872	(4,883)
Net income	<u>\$ 10,569</u>	<u>\$ 8,131</u>

Depreciation is allocated to segment costs of goods sold based on plant usage. The total assets and capital expenditures of FutureFuel have not been allocated to individual segments as large portions of these assets are shared to varying degrees by each segment, causing such an allocation to be of little value.

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