Tejon Ranch Co. Announces First Quarter 2021 Financial Results

May 5, 2021

TEJON RANCH, Calif., May 05, 2021 (GLOBE NEWSWIRE) -- Tejon Ranch Co., or the Company, (NYSE:TRC), a diversified real estate development and agribusiness company, today announced financial results for the three-months ended March 31, 2021.

The Company is in the process of planning, entitling and developing four master planned developments in southern California. When these four master planned developments are fully built out, Tejon Ranch will be home to 35,278 housing units, more than 35 million square feet of commercial/industrial space and 750 lodging units.

"We saw two significant court decisions during the first quarter of 2021," said Gregory S. Bielli, President and CEO. "The first was a total victory affirming Kern County's reapproval of our Grapevine master planned community. The second involved the Centennial community in Los Angeles County. That project's approval was challenged by two lawsuits which collectively contained 23 separate claims. The County and Company prevailed on 20 of those challenges. The remaining three will require additional work, which we have already started to address."

"We also continue to build our portfolio of assets, both real estate and otherwise," Bielli continued. "With demand for industrial space continuing to increase, it's important to have new buildings in the pipeline. Accordingly, we have entered into our fourth joint-venture agreement with Majestic Realty Co., to construct a 629,274 square foot industrial building on the east side of our Tejon Ranch Commerce Center, or TRCC. We expect construction to begin later this year with completion targeted for 2022. We are also focused on transitioning TRCC into a full mixed-use community as we advance plans for our new multi-family residential community located immediately adjacent to the Outlets at Tejon, bringing much needed housing to the area. Lastly, our farming operation has begun development of a new vineyard on 160 acres of farmland under contract with Gallo."

First Quarter Financial Results

- Net loss attributable to common stockholders for the first quarter of 2021 was $1.1 million, or net loss per share attributed to common stockholders, basic and diluted, of $0.04, compared to a net loss attributable to common stockholders of $0.7 million, or net loss per share attributed to common stockholders, basic and diluted, of $0.03, for the first quarter of 2020.
- Revenues and other income, for the first quarter of 2021, including equity in earnings of unconsolidated joint ventures were $11.1 million, compared with $11.9 million for the first quarter of 2020. Factors affecting the quarterly results include:
    - Equity in losses of unconsolidated joint ventures were $59,000 for the three months ended March 31, 2021, a decrease of $1.4 million or 104%, from equity in earnings of $1.4 million during the same period in 2020. The equity in earnings from the Petro Travel Plaza Holdings, or Petro, joint venture decreased $1.4 million. For the quarter, the joint venture experienced significant declines in fuel margins resulting from higher fuel costs. Additionally, full service restaurant margins decreased as a result of closures, driven by operating capacity limitations under California's Blueprint for a Safer Economy. In April 2021, restaurants were able to resume indoor dining at 50% capacity, leading to the re-opening of the Black Bear Diner on the east side of TRCC.
    - Helping to partially offset the decline in revenue was an increase in water sales revenues of $1.1 million. Dry conditions throughout California and a State Water Project allocation of only 5% presented additional water sales opportunities. Comparatively, we sold 5,881 acre-feet and 4,625 acre-feet of water in the first quarters of 2021 and 2020, respectively.

2021 Outlook:

The Company operates solely in California, which continued its vaccine rollout in the first quarter of 2021 and opened vaccinations to individuals who are 16 years old and older in April 2021. California is currently projected to fully reopen on June 15, if vaccine supply is sufficient for Californians aged 16 years and older who wish to be inoculated and if hospitalization rates are stable and low.

As of the date of this report, Kern County and Los Angeles County are considered to have moderate COVID-19 transmission risk under California's Blueprint for a Safer Economy, or the Blueprint. Our farming and mineral resources segments continue to operate as normal while following common-sense health measures. Our retail outlets can now operate at full capacity, following guidelines provided by the Blueprint.

There is much to be hopeful and optimistic for over the next few months as it pertains to the current recovery phase. However, uncertainty over long-term vaccine efficacy, virus mutations, vaccine availability, California's ability to meet reopening guidelines, and continuing vaccine adoption remain for the next phase of the pandemic. These uncertainties may continue to impact our business activities as they did during the first quarter of 2021.

The Company's capital structure provides a solid foundation for continued investment in ongoing and future projects during this time of uncertainty. As of March 31, 2021, total capital, including debt, was approximately $502.2 million. The Company had cash and securities totaling approximately $52.3 million and $35.0 million available on its line of credit.

The Company will continue to aggressively pursue commercial/industrial development, multi-family development opportunities, leasing, sales, and investment within TRCC and its joint ventures. The Company will continue to invest in its residential projects, including Mountain Village at Tejon

Ranch, Centennial at Tejon Ranch and Grapevine at Tejon Ranch.

During 2021, the Company will continue to invest funds in master project infrastructure, defending currently held entitlements, and continue vertical development within its active commercial and industrial developments. California is one of the most highly regulated states in which to engage in real estate development and, as such, natural delays, including those resulting from litigation, can be reasonably anticipated. Accordingly, throughout the next few years, the Company expects net income to fluctuate from year-to-year based on commodity prices, production within its farming and mineral resources segments, and the timing of sales and leasing of land within its industrial developments.

About Tejon Ranch Co.

Tejon Ranch Co. (NYSE: TRC) is a diversified real estate development and agribusiness company, whose principal asset is its 270,000-acre land holding located approximately 60 miles north of Los Angeles and 30 miles south of Bakersfield.

More information about Tejon Ranch Co. can be found on the Company's website at www.tejonranch.com.

Forward Looking Statements:

The statements contained herein, which are not historical facts, are forward-looking statements based on economic forecasts, strategic plans and other factors, which by their nature involve risk and uncertainties. Some of the factors that could cause actual results to differ materially are the following: business conditions and the general economy, future commodity prices and yields, market forces, the ability to obtain various governmental entitlements and permits, interest rates, the impact of COVID-19, and other risks inherent in real estate and agriculture businesses. For further information on factors that could affect the Company, the reader should refer to the Company's filings with the Securities and Exchange Commission.

TEJON RANCH CO.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except earnings per share)
(Unaudited)

	Three Months Ended March 31,	
	2021	2020
Revenues:		
Real estate - commercial/industrial	$ 2,228	$ 2,320
Mineral resources	7,176	6,178
Farming	607	952
Ranch operations	1,043	863
Total revenues from Operations	11,054	10,313
Operating Income (Loss):		
Real estate - commercial/industrial	676	389
Real estate - resort/residential	(553)	(626)
Mineral resources	2,129	2,300
Farming	(871)	(750)
Ranch operations	(144)	(543)
Income from Operating Segments	1,237	770
Investment income	7	228
Other income, net	64	8
Corporate expense	(2,291)	(2,533)
Loss from operations before equity in earnings of unconsolidated joint ventures	(983)	(1,527)
Equity in (losses) earnings of unconsolidated joint ventures, net	(59)	1,355
Loss before income tax expense	(1,042)	(172)
Income tax expense	21	512
Net loss	(1,063)	(684)
Net loss attributable to non-controlling interest	(8)	(2)
Net loss attributable to common stockholders	$ (1,055)	$ (682)
Net loss per share attributable to common stockholders, basic	$ (0.04)	$ (0.03)
Net loss per share attributable to common stockholders, diluted	$ (0.04)	$ (0.03)
Weighted average number of shares outstanding:		
Common stock	26,313,722	26,128,976
Common stock equivalents	57,010	133,951
Diluted shares outstanding	26,370,732	26,262,927

Non-GAAP Financial Measure

This news release includes references to the Company's non-GAAP financial measure "EBITDA." EBITDA represents our share of consolidated net income in accordance with GAAP, before interest, taxes, depreciation, and amortization, plus the allocable portion of EBITDA of unconsolidated joint ventures accounted for under the equity method of accounting based upon economic ownership interest, and all determined on a consistent basis in accordance with GAAP. EBITDA is a non-GAAP financial measure and is used by us and others as a supplemental measure of performance. We use Adjusted EBITDA to assess the performance of our core operations, for financial and operational decision making, and as a supplemental or additional means of evaluating period-to-period comparisons on a consistent basis. Adjusted EBITDA is calculated as EBITDA, excluding stock compensation expense. We believe Adjusted EBITDA provides investors relevant and useful information because it permits investors to view income from our operations on an unlevered basis before the effects of taxes, depreciation and amortization, and stock compensation expense. By excluding interest expense and income, EBITDA and Adjusted EBITDA allow investors to measure our performance independent of our capital structure and indebtedness and, therefore, allow for a more meaningful comparison of our performance to that of other companies, both in the real estate industry and in other industries. We believe that excluding charges related to share-based compensation facilitates a comparison of our operations across periods and among other companies without the variances caused by different valuation methodologies, the volatility of the expense (which depends on market forces outside our control), and the assumptions and the variety of award types that a company can use. EBITDA and Adjusted EBITDA have limitations as measures of our performance. EBITDA and Adjusted EBITDA do not reflect our historical cash expenditures or future cash requirements for capital expenditures or contractual commitments. While EBITDA and Adjusted EBITDA are relevant and widely used measures of performance, they do not represent net income or cash flows from operations as defined by GAAP, and they should not be considered as alternatives to those indicators in evaluating performance or liquidity. Further, our computation of EBITDA and Adjusted EBITDA may not be comparable to similar measures reported by other companies.

TEJON RANCH CO.
Non-GAAP Financial Measures
(Unaudited)

	Three Months Ended March 31,	
($ in thousands)	2021	2020
Net loss	$ (1,063)	$ (684)
Net loss attributable to non-controlling interest	(8)	(2)
Net loss attributable to common stockholders	(1,055)	(682)
Interest, net		
Consolidated	(7)	(228)
Our share of interest expense from unconsolidated joint ventures	624	681
Total interest, net	617	453
Income taxes	21	512
Depreciation and amortization:		
Consolidated	965	1,164
Our share of depreciation and amortization from unconsolidated joint ventures	1,175	1,025
Total depreciation and amortization	2,140	2,189
EBITDA	1,723	2,472
Stock compensation expense	1,276	1,225
Adjusted EBITDA	$ 2,999	$ 3,697

Tejon Ranch Co.
Robert D. Velasquez, 661-248-3000
Senior Vice President and Chief Financial Officer

TEJON RANCH

Source: Tejon Ranch Co