



Tejon Ranch Co. Reports First Quarter Results of Operations – 2015

May 11, 2015

TEJON RANCH, Calif.--(BUSINESS WIRE)--May 11, 2015-- Tejon Ranch Co. (NYSE:TRC) today released the results of operations for the three months ended March 31, 2015, with the Company showing net income attributable to common stockholders of \$1,617,000, or \$0.08 per common share. That's a \$504,000 increase compared to net income attributable to common stockholders of \$1,113,000, or \$0.05 per common share, recorded for the same period in 2014. Revenue from operations for the three months ended March 31, 2015 was \$16,633,000, an increase of \$2,098,000 when compared to \$14,535,000 of revenue for the same period during 2014. All per share references in this release are presented on a fully diluted basis.

Results of Operations for the Quarter Ended March 31, 2015:

The improvement in net income attributable to common stockholders is primarily tied to the following factors: higher water sales revenues, improved farming income, and increases in commercial operating income. The Company also saw continued growth in equity in earnings from the TA/Petro joint venture as net operating income from both fuel and non-fuel operations continued to improve as a result of higher customer traffic at the Tejon Ranch Commerce Center and adjacent Outlets at Tejon. Partially offsetting these year over year improvements were decreases in our operating margins within mineral resources from 50% in 2014 to 40% when compared to the same period in 2014 due to higher costs of sales for water sold during the quarter.

Farming revenues improved \$1,225,000 compared to the same period in 2014 largely due to a \$1,439,000 increase in almond sales as the prior year almond crop inventory carry forward was larger than the inventory carry forward into 2014. This improvement was partially offset by a decline in hay sales of \$169,000, during the quarter compared to the same period in 2014. The increase in farming expense is also driven by the cost of sales associated with the increase in almonds sold during the quarter.

Mineral resource revenues, when compared to the same period in 2014, increased \$546,000. The improvement was largely due to an increase of \$1,603,000 in water sales due to a higher volume of water being sold. This increase was partially offset by a decline of \$970,000 in oil royalty revenue resulting from lower prices, which also led to lower production. The average price per barrel of oil received in the first quarter of 2015 is approximately 59% less than the same period in 2014. We expect that lower oil prices will continue to negatively impact us throughout 2015. An increase in mineral resources expense is mainly tied to higher cost of sales for water as the volume of water sold increased.

The Company also saw an increase during the quarter in commercial/industrial revenue. This increase is due to the growth of property management and development fees tied to the increase in leasing activities at the Tejon Ranch Commerce Center, when compared to the same period in 2014. Three tenants took possession of leased property during the quarter, with a new Starbucks opening in March 2015. The other two tenants are scheduled to open for business during the second quarter of 2015. The first quarter also showed an increase in corporate general and administrative costs, as compared to 2014, primarily driven by higher stock compensation due to the timing of the granting of stock in 2014.

2015 Outlook and Information:

Tejon Ranch Co. manages its cash and marketable securities along with cash flow for the pursuit of land entitlement, development, farming and conservation. As of March 31, 2015, the Company had cash and securities totaling \$45,600,000 and \$26,340,000 of availability on a line of credit to meet any short-term funding needs.

The Company believes the variability of its quarterly and annual operating results will continue during 2015 due to its farming and real estate activities and to the majority of projected water sales for 2015 being completed during the first quarter. Many of the projects, especially in real estate, require a lengthy process to complete the entitlement and development phases before revenue can begin to be recognized. The timing of projects and sales of both real estate inventory and non-strategic assets can vary from year-to-year; therefore, it is difficult for the Company to accurately predict quarterly and annual revenues and results of operations.

Tejon Ranch Co. 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 online at <http://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. In particular, among 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 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.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
FIRST QUARTER ENDED MARCH 31
(In thousands, except earnings per share)
(Unaudited)

	2015	2014
Revenues		
Real estate - commercial/industrial	\$ 3,362	\$ 2,942
Real estate - resort/residential	-	93
Mineral resources	10,200	9,654
Farming	3,071	1,846
Total revenue	16,633	14,535
Costs and Expenses:		
Real estate - commercial/industrial	3,202	3,311
Real estate - resort/residential	751	464
Mineral resources	5,694	4,801
Farming	2,343	1,864
Corporate expenses	3,523	3,086
Total expenses	15,513	13,526
Operating income	1,120	1,009
Other Income:		
Investment income	155	198
Other income	38	27
Total other income	193	225
Income from operations before equity in earnings of unconsolidated joint ventures	1,313	1,234
Equity in earnings of unconsolidated joint ventures, net	1,150	438
Income before income tax expense	2,463	1,672
Income tax expense	862	541
Net income	\$ 1,601	\$ 1,131
Net (loss) income attributable to non-controlling interest	(16)	18
Net income attributable to common stockholders	\$ 1,617	\$ 1,113
Net income per share attributable to common stockholders, basic	\$ 0.08	\$ 0.05
Net income per share attributable to common stockholders, diluted	\$ 0.08	\$ 0.05
Weighted average number of shares outstanding:		
Common stock	20,645,846	20,568,270
Common stock equivalents	60,737	38,218
Diluted shares outstanding	20,706,583	20,606,488



Source: Tejon Ranch Co.

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