



Tejon Ranch Co. Announces Fourth Quarter and Year-Ended December 31, 2024 Financial Results

Mar 6, 2025

TEJON RANCH, Calif., March 06, 2025 (GLOBE NEWSWIRE) -- Tejon Ranch Co. (NYSE:TRC), ("Tejon" or the "Company"), a diversified real estate development and agribusiness company, today announced financial results for the fourth quarter and year-ended December 31, 2024.

"2024 marked another year of progress as we continue to generate steady income streams from our legacy operations, while further positioning the Company to unlock future growth from land development opportunities and other business units," said Gregory S. Bielli, President & CEO of Tejon Ranch Company. "As the gateway to Southern California, Tejon Ranch Commerce Center ("TRCC") continues to be a success and was the primary driver in our year-over-year total revenue growth for both the fourth quarter and full year. In late 2024, we announced a joint venture with Dedeaux Properties to build a 510,385 square foot warehouse facility as we look to continue unlocking growth from our industrial portfolio in 2025. Furthermore, the impending completion of the initial units of the Company's first multi-family development, Terra Vista at Tejon, positions TRCC as a true mixed-use, master planned community. This important evolution will allow the Company to further refine and capitalize on skills and capabilities that we believe ultimately will guide the future development of three additional mixed-use master planned communities."

"Overall, I remain confident in Tejon's long-term growth trajectory," continued Bielli, "and I'm optimistic about the near future as we enter into our next growth phase with Matthew Walker taking the reins as the new President and CEO at the end of this month."

Commercial/Industrial Real Estate Highlights

- Leasing and occupancy updates as of December 31, 2024:
 - TRCC industrial portfolio, through the Company's joint venture partnerships, consists of 2.8 million square feet of gross leasable area (GLA) and is 100% leased.
 - TRCC commercial portfolio, wholly owned and through joint venture partnerships, consists of 620,907 square feet of GLA and is 96% leased.
 - In total, TRCC comprises 7.1 million square feet of GLA.
 - Outlets at Tejon celebrated its 10-year anniversary in 2024, with 93% occupancy as of December 31, 2024.
- Construction of Terra Vista at Tejon Phase 1, the Company's multi-family residential development located in TRCC, is underway. Phase 1 includes 228 of the planned 495 residential units, with the first units becoming available in the second quarter of 2025 and the remaining units in this phase coming online soon thereafter. See www.terravistatejon.com for further information.
- Construction of a new distribution facility for Nestlé USA is underway on the east side of TRCC, which will total more than 700,000 square feet.
- On October 4, 2024, a new joint venture with Dedeaux Properties was formed to develop, lease, and manage an industrial building of 510,385 square feet of space at TRCC-East.

Fourth-Quarter 2024 Financial Highlights

- GAAP net income attributable to common stockholders for the fourth quarter of 2024 increased 186% to \$4.5 million, or net income per share attributable to common stockholders, basic and diluted, of \$0.17, compared with net income attributable to common stockholders of \$1.6 million, or net income per share attributable to common stockholders, basic and diluted, of \$0.06, for the fourth quarter of 2023.
- Revenues and other income, including equity in earnings of unconsolidated joint ventures, for the fourth quarter of 2024 increased 15% to \$21.6 million, compared to \$18.8 million for the same period in 2023. Factors behind this change included:
 - Commercial/industrial segment revenues increased \$1.0 million, or 33%, when compared with the fourth quarter in 2023. The primary driver of this increase was a \$1.2 million increase in communication lease revenue, attributable primarily to non-recurring amounts received from a right-of-way tenant that increased its fiber optic cables, the increase was partially offset by a decrease of \$276,000 in revenue from the PEF lease due to lower spark spread payments.
 - Equity in earnings of unconsolidated joint venture increased \$1.0 million, or 45%, when compared with the fourth quarter in 2023. The increase was mainly attributed to the increase of Petro Travel Plaza equity, or TA/Petro, in earnings due to higher fuel margins and a new revenue stream generated by the completed industrial building of

TRC-MRC 5, LLC joint venture.

- Adjusted EBITDA, a non-GAAP measure, increased 116% to \$10.5 million for the fourth quarter of 2024 compared to \$4.8 million for the same period in 2023.

Tejon Ranch Co. provides Adjusted EBITDA, a non-GAAP financial measure, because it offers additional information for monitoring the Company's cash flow performance. A table providing a reconciliation of Adjusted EBITDA to its most comparable GAAP measure, as well as an explanation of, and important disclosures about, this non-GAAP measure, is included in the tables at the end of this press release.

Fiscal 2024 Financial Highlights

- GAAP net income attributable to common stockholders for fiscal 2024 was \$2.7 million, or net income per share attributable to common stockholders, basic and diluted of \$0.10, compared with net income attributable to common stockholders of \$3.3 million, or \$0.12 per share basic and diluted, for 2023.
- Revenues and other income, including equity in earnings of unconsolidated joint ventures, increased 1% to \$54.7 million in 2024, compared to \$54.0 million in 2023. Factors driving this increase included:
 - An increase in equity in earnings of unconsolidated joint ventures of \$4.0 million, or 58%, compared with 2023, primarily resulting from better fuel margins at our TA/Petro joint venture, and a new revenue stream generated by the completed industrial building of TRC-MRC 5, LLC joint venture, combined with higher rental rates or rental escalations of our various joint ventures with Majestic.
 - An increase in commercial/industrial segment revenue of \$0.8 million, or 7%, compared with 2023, primarily resulting from an increase in communication leases revenue as mentioned above.
 - The increases were partially offset by a decrease of \$4.3 million, or 30%, in mineral resources revenue compared to 2023, primarily attributed to lower water sales revenue due to back-to-back above average rainfall years in California.
- Adjusted EBITDA, a non-GAAP measure, increased 9% to \$23.4 million for 2024, compared to \$21.4 million for 2023.

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Liquidity and Capital Resources

As of December 31, 2024, total capitalization, including pro rata share (PRS) of unconsolidated joint venture debt, was approximately \$605.3 million, consisting of an equity market capitalization of \$426.5 million and \$178.9 million of debt, and our debt to total capitalization was 29.5%. As of December 31, 2024, the Company had cash and securities totaling approximately \$53.7 million and \$93.1 million available on its line of credit for total liquidity of \$146.8 million. The ratio of total debt including PRS of unconsolidated joint venture debt, net of cash and securities including PRS of unconsolidated joint venture cash, of \$113.9 million, to trailing twelve months adjusted EBITDA of \$23.4 million was 4.9x.

2025 Outlook:

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

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 year-to-year based on the above-mentioned activity, along with commodity prices, production within its farming and mineral resources segments, and the timing of land sales and leasing of land within its commercial developments.

Water sales opportunities each year are impacted by the total precipitation and snowpack runoff in Northern California from winter storms along with State Water Project, or SWP, allocations. The current SWP allocation is at 35% of contract amounts as of February 25, 2025. Although the allocation may increase, the Company is optimistic for a year-over-year increase in water sales opportunities in 2025.

The Company expects its 2025 farming operations to continue to be impacted by higher costs of production, such as fuel costs, fertilizer costs, pest control costs, and labor costs. The almond industry currently projects 2024 yields to be about 2.6 billion pounds, down from the previous report of over 3.0 billion pounds. The Company expects this estimate, along with a lower inventory carry forward, will help improve pricing. Additionally in 2025, the Company's crop segmentation in its farming division will include the planting of an olive orchard, diversifying the Company's commodity products and best positioning the Company for market changes.

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 15 miles east 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. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS (In thousands, except per share data)

	December 31	
	2024	2023
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 39,267	\$ 31,907
Marketable securities - available-for-sale	14,441	32,556
Accounts receivable	7,916	8,352
Inventories	3,972	3,493
Prepaid expenses and other current assets	3,806	3,502
Total current assets	69,402	79,810
Real estate and improvements - held for lease, net	16,253	16,609
Real estate development (includes \$124,136 at December 31, 2024 and \$119,788 at December 31, 2023, attributable to Centennial Founders, LLC, Note 17)	377,905	337,257
Property and equipment, net	56,387	53,985
Investments in unconsolidated joint ventures	28,980	33,648
Net investment in water assets	55,091	52,130
Other assets	3,980	4,084
TOTAL ASSETS	\$ 607,998	\$ 577,523
LIABILITIES AND EQUITY		
Current Liabilities:		
Trade accounts payable	\$ 9,085	\$ 6,457
Accrued liabilities and other	5,549	3,214
Deferred income	2,162	1,891
Total current liabilities	16,796	11,562
Long-term debt, less current portion	—	—
Revolving line of credit	66,942	47,942
Long-term deferred gains	11,447	11,447
Deferred tax liability	9,059	8,269
Other liabilities	14,798	15,207
Total liabilities	119,042	94,427
Commitments and contingencies		
Equity:		
Tejon Ranch Co. stockholders' equity		
Common stock, \$0.50 par value per share:		
Authorized shares - 50,000,000		
Issued and outstanding shares - 26,822,768 at December 31, 2024 and 26,770,545 at December 31, 2023	13,412	13,386
Additional paid-in capital	348,497	345,609
Accumulated other comprehensive income (loss)	87	(171)
Retained earnings	111,598	108,908
Total Tejon Ranch Co. stockholders' equity	473,594	467,732

Non-controlling interest	15,362	15,364
Total equity	488,956	483,096
TOTAL LIABILITIES AND EQUITY	<u>\$ 607,998</u>	<u>\$ 577,523</u>

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

	Three-Months Ended December 31,		Year Ended December 31,	
	2024	2023	2024	2023
Revenues:				
Real estate - commercial/industrial	\$ 4,055	\$ 3,052	\$ 12,552	\$ 11,758
Mineral resources	2,527	2,894	10,214	14,524
Farming	9,676	9,098	13,925	13,950
Ranch operations	1,677	1,123	5,195	4,507
Total revenues	<u>17,935</u>	<u>16,167</u>	<u>41,886</u>	<u>44,739</u>
Costs and expenses:				
Real estate - commercial/industrial	1,905	2,536	7,910	8,053
Real estate - resort/residential	299	449	2,615	1,528
Mineral resources	2,009	1,694	7,052	8,685
Farming	8,145	9,613	17,551	15,257
Ranch operations	1,153	1,179	4,864	5,043
Corporate expenses	2,298	3,048	11,092	9,872
Total expenses	<u>15,809</u>	<u>18,519</u>	<u>51,084</u>	<u>48,438</u>
Operating (loss) income	<u>2,126</u>	<u>(2,352)</u>	<u>(9,198)</u>	<u>(3,699)</u>
Other income:				
Investment income	430	782	2,273	2,557
Other (loss) income, net	(82)	(410)	(292)	(138)
Total other income, net	<u>348</u>	<u>372</u>	<u>1,981</u>	<u>2,419</u>
(Loss) income from operations before equity in earnings of unconsolidated joint ventures and income tax expense	<u>2,474</u>	<u>(1,980)</u>	<u>(7,217)</u>	<u>(1,280)</u>
Equity in earnings of unconsolidated joint ventures, net	<u>3,270</u>	<u>2,252</u>	<u>10,881</u>	<u>6,868</u>
Income before income taxes	<u>5,744</u>	<u>272</u>	<u>3,664</u>	<u>5,588</u>
Income tax expense	<u>1,262</u>	<u>(1,296)</u>	<u>976</u>	<u>2,323</u>
Net income	<u>4,482</u>	<u>1,568</u>	<u>2,688</u>	<u>3,265</u>
Net (loss) income attributable to non-controlling interest	<u>(1)</u>	<u>3</u>	<u>(2)</u>	<u>—</u>
Net income attributable to common stockholders	<u>\$ 4,483</u>	<u>\$ 1,565</u>	<u>\$ 2,690</u>	<u>\$ 3,265</u>
Net income per share attributable to common stockholders, basic	<u>\$ 0.17</u>	<u>\$ 0.06</u>	<u>\$ 0.10</u>	<u>\$ 0.12</u>
Net income per share attributable to common stockholders, diluted	<u>\$ 0.17</u>	<u>\$ 0.06</u>	<u>\$ 0.10</u>	<u>\$ 0.12</u>
Weighted average number of shares outstanding:				
Common stock	26,821,449	26,739,791	26,806,173	26,706,824
Common stock equivalents: stock options, grants	7,895	2,789	17,233	—
Diluted shares outstanding	<u>26,829,344</u>	<u>26,742,580</u>	<u>26,823,406</u>	<u>26,706,824</u>

Non-GAAP Financial Measure

This news release includes references to the Company's non-GAAP financial measure "EBITDA." EBITDA represents earnings before interest, taxes, depreciation, and amortization, 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 and asset abandonment charges. We believe Adjusted EBITDA provides investors relevant and useful information because it permits investors to view

income from our operations on an unleveraged basis before the effects of taxes, depreciation and amortization, stock compensation expense, and abandonment charges. 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. 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 December 31,		Year Ended December 31,	
(\$ in thousands)	2024	2023	2024	2023
Net income	\$ 4,482	\$ 1,568	\$ 2,688	\$ 3,265
Net income (loss) attributed to non-controlling interest	(1)	3	(2)	—
Interest, net				
Consolidated interest income	(430)	(782)	(2,273)	(2,557)
Our share of interest expense from unconsolidated joint ventures	1,540	1,261	6,165	4,879
Total interest, net	1,110	479	3,892	2,322
Income tax expense	1,262	(1,296)	976	2,323
Depreciation and amortization				
Consolidated	1,748	1,803	4,885	4,806
Our share of depreciation and amortization from unconsolidated joint ventures	1,764	1,413	6,753	5,418
Total depreciation and amortization	3,512	3,216	11,638	10,224
EBITDA	\$ 10,367	\$ 3,964	\$ 19,196	\$ 18,134
Stock compensation expense	\$ 96	\$ 883	\$ 4,182	\$ 3,252
Adjusted EBITDA	\$ 10,463	\$ 4,847	\$ 23,378	\$ 21,386

Summary of Outstanding Debt as of December 31, 2024
(Unaudited)

Entity/Borrowing	Amount	% Share	PRS Debt
Revolving line-of-credit	\$ 66,942	100%	\$ 66,942
Petro Travel Plaza Holdings, LLC	11,793	60%	7,076
TRCC/Rock Outlet Center, LLC	20,545	50%	10,273
TRC-MRC 1, LLC	21,470	50%	10,735
TRC-MRC 2, LLC	21,234	50%	10,617
TRC-MRC 3, LLC	32,722	50%	16,361
TRC-MRC 4, LLC	60,906	50%	30,453
TRC-MRC 5, LLC	52,795	50%	26,398
	<u>\$ 288,407</u>		<u>\$ 178,855</u>

Capitalization and Debt Ratios
(Unaudited)

	December 31, 2024
Period end share price	\$ 15.90
Outstanding shares	26,822,768

Equity market capitalization as of reporting date	\$	426,482
Total debt, including PRS unconsolidated joint venture debt	\$	178,854
Total market capitalization	\$	605,336
Debt to total market capitalization		29.5%
Net debt, including PRS unconsolidated joint venture debt and cash, to TTM adjusted EBITDA		4.9 x

Contacts

Tejon Ranch Co.
Nicholas Ortiz
Senior Vice President, Corporate Communications & Public Affairs
661-663-4212
nortiz@tejonranch.com

Gateway Group
Cody Slach and Cody Cree
949-574-3860
TRC@gateway-grp.com



Source: Tejon Ranch Co