



## **ARGAN, INC. REPORTS THIRD QUARTER EARNINGS**

**December 8, 2014 – ROCKVILLE, MD – Argan, Inc. (NYSE: AGX)** today announced financial results for the three and nine months ended October 31, 2014.

For the quarter ended October 31, 2014, revenues were \$127.6 million compared to \$63.5 million for the quarter ended October 31, 2013. Gemma Power Systems LLC and affiliates (Gemma) contributed \$125.7 million, or 99% of revenues in the third quarter of fiscal 2015, compared to \$61.1 million, or 96% of revenues in the third quarter of fiscal 2014.

For the nine months ended October 31, 2014, revenues were \$280.8 million compared to \$168.0 million during the nine months ended October 31, 2013. Gemma contributed \$275.9 million, or 98% of revenues in the first nine months of fiscal 2015, compared to \$160.4 million, or 95% of revenues in the first nine months of fiscal 2014.

Argan reported consolidated EBITDA (Earnings before interest, taxes, depreciation and amortization) attributable to the stockholders of Argan, Inc. of \$20.9 million for the quarter ended October 31, 2014 compared to \$20.3 million for the same prior year period. Gemma recorded \$22.3 million in EBITDA for the third quarter of fiscal 2015 compared to \$21.2 million for the third quarter of fiscal 2014. Argan reported EBITDA attributable to the stockholders of Argan, Inc. of \$40.3 million for the nine months ended October 31, 2014 compared to \$50.5 million for the same prior year period. Gemma, for its segment, recorded \$44.3 million in EBITDA for the first nine months of fiscal 2015 compared to \$51.9 million for the first nine months of fiscal 2014.

In the third quarter of fiscal 2015, the Company reported income before income taxes of \$24.9 million compared to income before income taxes of \$20.6 million in the third quarter of fiscal 2014.

For the first nine months of fiscal 2015, the Company reported income before income taxes of \$48.8 million compared to income before income taxes of \$52.8 million for the first nine months of fiscal 2014.

Net income attributable to the stockholders of Argan for the quarter ended October 31, 2014 was \$12.4 million, or \$0.84 per diluted share based on 14,795,000 diluted shares outstanding, compared to net income attributable to the stockholders of Argan of \$11.9 million, or \$0.83 per diluted share based on 14,365,000 diluted shares outstanding, for the quarter ended October 31, 2013.

Net income attributable to the stockholders of Argan for the nine months ended October 31, 2014 was \$24.4 million, or \$1.66 per diluted share based on 14,761,000 diluted shares outstanding, compared to net income attributable to the stockholders of Argan of \$31.0 million, or \$2.16 per diluted share based on 14,302,000 diluted shares outstanding, for the nine months ended October 31, 2013.

Argan had consolidated cash of \$361.0 million as of October 31, 2014 and was debt free. Consolidated working capital increased during the current fiscal year to date to approximately \$162.0 million as of October 31, 2014 and consolidated tangible net worth increased to \$156.6 million in the same period.

Gemma's backlog as of October 31, 2014 was \$520 million compared to \$832 million as of October 31, 2013. The October 31, 2014 backlog includes primarily the combined cycle gas fired power plants for Panda Liberty and Panda Patriot.

Commenting on Argan's financial results, Rainer Bosselmann, Chairman and Chief Executive Officer stated, "We are pleased with the operational performance of Gemma which is in the middle of constructing the Panda Liberty and Panda Patriot power plants. In comparing both the fiscal 2015 third quarter and year to date results to the same periods in the prior year, Gemma has excelled in construction activities in the current year while last fiscal year results included substantial development fees which are not recurring in fiscal 2015."

**About Argan, Inc.**

Argan's primary business is designing and building energy plants through its Gemma Power Systems subsidiary. These energy plants include traditional gas as well as alternative energy including biodiesel, ethanol, and renewable energy sources such as wind power. Argan also owns Southern Maryland Cable, Inc.

*Certain matters discussed in this press release may constitute forward-looking statements within the meaning of the federal securities laws and are subject to risks and uncertainties including, but not limited to: (1) the Company's ability to achieve its business strategy while effectively managing costs and expenses; (2) the Company's ability to successfully and profitably integrate acquisitions; and (3) the continued strong performance of the energy sector. Actual results and the timing of certain events could differ materially from those projected in or contemplated by the forward-looking statements due to a number of factors detailed from time to time in Argan's filings with the Securities and Exchange Commission. In addition, reference is hereby made to cautionary statements with respect to risk factors set forth in the Company's most recent reports on Form 10-K and 10-Q, and other SEC filings.*

**Company Contact:**

Rainer Bosselmann  
301.315.0027

**Investor Relations Contact:**

Arthur Trudel  
301.315.9467

**ARGAN, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(Unaudited)**

	<u>Three Months Ended October 31,</u>		<u>Nine Months Ended October 31,</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b>REVENUES</b>				
Power industry services	\$125,660,000	\$61,103,000	\$275,902,000	\$160,392,000
Telecommunications infrastructure services	1,904,000	2,349,000	4,883,000	7,572,000
Revenues	<u>127,564,000</u>	<u>63,452,000</u>	<u>280,785,000</u>	<u>167,964,000</u>
<b>COST OF REVENUES</b>				
Power industry services	95,863,000	38,012,000	215,174,000	104,062,000
Telecommunications infrastructure services	1,388,000	1,564,000	3,684,000	5,741,000
Cost of revenues	<u>97,251,000</u>	<u>39,576,000</u>	<u>218,858,000</u>	<u>109,803,000</u>
<b>GROSS PROFIT</b>	<u>30,313,000</u>	<u>23,876,000</u>	<u>61,927,000</u>	<u>58,161,000</u>
Selling, general and administrative expenses	<u>5,473,000</u>	<u>3,545,000</u>	<u>13,332,000</u>	<u>8,589,000</u>
<b>INCOME FROM OPERATIONS</b>	<u>24,840,000</u>	<u>20,331,000</u>	<u>48,595,000</u>	<u>49,572,000</u>
Gains on the deconsolidation of variable interest entities	--	--	--	2,444,000
Other income, net	<u>99,000</u>	<u>261,000</u>	<u>162,000</u>	<u>827,000</u>
<b>INCOME BEFORE INCOME TAXES</b>	<u>24,939,000</u>	<u>20,592,000</u>	<u>48,757,000</u>	<u>52,843,000</u>
Income tax expense	<u>8,180,000</u>	<u>8,143,000</u>	<u>15,177,000</u>	<u>19,531,000</u>
<b>NET INCOME</b>	<u>16,759,000</u>	<u>12,449,000</u>	<u>33,580,000</u>	<u>33,312,000</u>
<b>NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS</b>	<u>4,337,000</u>	<u>521,000</u>	<u>9,133,000</u>	<u>2,351,000</u>
<b>NET INCOME ATTRIBUTABLE TO THE STOCKHOLDERS OF ARGAN, INC.</b>	<u>\$ 12,422,000</u>	<u>\$ 11,928,000</u>	<u>\$ 24,447,000</u>	<u>\$ 30,961,000</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO THE STOCKHOLDERS OF ARGAN, INC.</b>				
Basic	<u>\$ 0.86</u>	<u>\$ 0.85</u>	<u>\$ 1.70</u>	<u>\$ 2.21</u>
Diluted	<u>\$ 0.84</u>	<u>\$ 0.83</u>	<u>\$ 1.66</u>	<u>\$ 2.16</u>
<b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING</b>				
Basic	<u>14,470,000</u>	<u>14,093,000</u>	<u>14,390,000</u>	<u>14,022,000</u>
Diluted	<u>14,795,000</u>	<u>14,365,000</u>	<u>14,761,000</u>	<u>14,302,000</u>
<b>CASH DIVIDEND DECLARED, PER COMMON SHARE</b>	<u>\$ 0.70</u>	<u>\$ 0.75</u>	<u>\$ 0.70</u>	<u>\$ 0.75</u>

**ARGAN, INC. AND SUBSIDIARIES**  
**Reconciliations to EBITDA**  
**Consolidated Operations (Unaudited)**

	<b>Three Months Ended October 31,</b>	
	<b>2014</b>	<b>2013</b>
Net income	\$ 16,759,000	\$ 12,449,000
Less income attributable to noncontrolling interests	(4,337,000)	(521,000)
Interest expense	--	--
Income tax expense	8,259,000	8,143,000
Depreciation	140,000	142,000
Amortization of purchased intangible assets	61,000	61,000
EBITDA attributable to the stockholders of Argan, Inc.	\$ 20,882,000	\$ 20,274,000

**Reconciliations to EBITDA**  
**Power Industry Services (Unaudited)**

	<b>Three Months Ended October 31,</b>	
	<b>2014</b>	<b>2013</b>
Income before income taxes	\$ 26,409,000	\$ 21,537,000
Less pre-tax income attributable to noncontrolling interests	(4,258,000)	(521,000)
Interest expense	--	--
Depreciation	94,000	96,000
Amortization of purchased intangible assets	61,000	61,000
EBITDA attributable to the stockholders of Argan, Inc.	\$ 22,306,000	\$ 21,173,000

**Reconciliations to EBITDA**  
**Consolidated Operations (Unaudited)**

	<b>Nine Months Ended October 31,</b>	
	<b>2014</b>	<b>2013</b>
Net income	\$ 33,580,000	\$ 33,312,000
Less income attributable to noncontrolling interests	(9,133,000)	(2,351,000)
Interest expense	--	(161,000)
Income tax expense	15,256,000	19,100,000
Depreciation	423,000	407,000
Amortization of purchased intangible assets	182,000	182,000
EBITDA attributable to the stockholders of Argan, Inc.	\$ 40,308,000	\$ 50,489,000

**Reconciliations to EBITDA**  
**Power Industry Services (Unaudited)**

	<b>Nine Months Ended October 31,</b>	
	<b>2014</b>	<b>2013</b>
Income before income taxes	\$ 52,846,000	\$ 54,345,000
Less pre-tax income attributable to noncontrolling interests	(9,054,000)	(2,782,000)
Interest expense	--	(161,000)
Depreciation	286,000	268,000
Amortization of purchased intangible assets	182,000	182,000
EBITDA attributable to the stockholders of Argan, Inc.	\$ 44,260,000	\$ 51,852,000

Management uses EBITDA, a non-GAAP financial measure, for planning purposes, including the preparation of operating budgets and the determination of appropriate levels of operating and capital investments. Management believes that EBITDA provides additional insight for

analysts and investors in evaluating the Company's financial and operational performance and in assisting investors in comparing the Company's financial performance to those of other companies in the Company's industry. However, EBITDA is not intended to be an alternative to financial measures prepared in accordance with GAAP and should not be considered in isolation from the Company's GAAP results of operations. Pursuant to the requirements of SEC Regulation G, reconciliations between the Company's GAAP and non-GAAP financial results are included in the presentations above and investors are advised to carefully review and consider this information as well as the GAAP financial results that are presented in the Company's SEC filings.

**ARGAN, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

	<u>October 31, 2014</u>	<u>January 31, 2014</u>
<b>ASSETS</b>	<b>(Unaudited)</b>	<b>(Note 1)</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$361,021,000	\$272,209,000
Accounts receivable, net of allowance for doubtful accounts	22,905,000	23,687,000
Costs and estimated earnings in excess of billings	314,000	527,000
Prepaid expenses	1,977,000	1,754,000
Notes receivable and accrued interest	1,711,000	204,000
Deferred income tax assets	517,000	178,000
<b>TOTAL CURRENT ASSETS</b>	<b>388,445,000</b>	<b>298,559,000</b>
Property, plant and equipment, net of accumulated depreciation (including \$1,617,000 in costs related to a variable interest entity as of October 31, 2014)	5,551,000	4,183,000
Goodwill	18,476,000	18,476,000
Intangible assets, net of accumulated amortization	1,906,000	2,088,000
<b>TOTAL ASSETS</b>	<b>\$414,378,000</b>	<b>\$323,306,000</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 44,941,000	\$ 22,589,000
Dividends payable	10,166,000	--
Accrued expenses	15,228,000	7,912,000
Billings in excess of costs and estimated earnings	156,159,000	134,736,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>226,494,000</b>	<b>165,237,000</b>
Deferred income tax liabilities	295,000	292,000
<b>TOTAL LIABILITIES</b>	<b>226,789,000</b>	<b>165,529,000</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>STOCKHOLDERS' EQUITY</b>		
Preferred stock, par value \$0.10 per share – 500,000 shares authorized; no shares issued and outstanding	--	--
Common stock, par value \$0.15 per share – 30,000,000 shares authorized; 14,532,434 and 14,289,134 shares issued at October 31 and January 31, 2014, respectively; 14,529,201 and 14,285,901 shares outstanding at October 31 and January 31, 2014, respectively	2,180,000	2,143,000
Additional paid-in capital	107,223,000	100,863,000
Retained earnings	67,616,000	53,335,000
Treasury stock at cost – 3,233 shares at October 31 and January 31, 2014	(33,000)	(33,000)
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>176,986,000</b>	<b>156,308,000</b>
Noncontrolling interests	10,603,000	1,469,000
<b>TOTAL EQUITY</b>	<b>187,589,000</b>	<b>157,777,000</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$414,378,000</b>	<b>\$323,306,000</b>

**Note 1** – The condensed consolidated balance sheet as of January 31, 2014 has been derived from audited consolidated financial statements.

