OAK BROOK, IL, Oct. 29, 2013 /PRNewswire/ - Primary Energy Recycling Corporation (TSX: PRI), a clean energy company that generates revenue from capturing and recycling recoverable heat and byproduct fuels from industrial processes, today announced its unaudited financial and operational results for the three and nine months ended September 30, 2013.

Financial Results

(in 000's of US$)

	Three Months Ended September 30, 2013	2012
Revenues $	14,050	
Operations and maintenance expense	5,081	
Operating (loss) income	(101)	
Net loss and comprehensive loss	(729)	
EBITDA (1)	6,212	
Adjusted EBITDA (2)	8,164	
Net cash provided by operating activities	7,885	
Free Cash Flow (3)	5,319	
Cash and cash equivalents	28,217	
Credit facility debt balance	72,609	

Third Quarter Review

- Portside continued to perform as expected by generating $0.5 million of additional revenue in the third quarter of 2013 compared to the third quarter of 2012;
- Reported improved operations at North Lake and Harbor Coal compared to the second quarter of 2013 due to stronger customer blast furnace availability. However, compared to the third quarter of 2012, Harbor Coal produced lower operational results;
- Completed Ironside's forced turbine outage. The turbine should be back in service by early November 2013;
- Continued to work through the re-negotiation process for the Cokenergy agreements. The Company intends to provide an update as further developments occur;
- Subsequent to quarter end, on October 29, 2013, declared a $0.05 per Common Share dividend for payment on November 29, 2013 to shareholders of record on November 15, 2013.

"We experienced improved host operations during the third quarter, which resulted in increased production when compared to the second quarter of 2013," said John Prunkl, President and Chief Executive Officer of Primary Energy. "The Company had positive contributions from Cokenergy, North Lake and Portside during the reporting period. The repair of the Ironside turbine is almost complete and it will be back in service shortly. Portside successfully completed its planned October 2013 turbine overhaul and is back in service."

Operational Highlights

	Three Months Ending September 30, 2013	Nine Months Endin
Total Gross Electric Production Megawatt Hours (MWh) (4)	367,674	354,942
Total Thermal Energy Delivered (MMBtu) (5)	594,696	
Harbor Coal Utilization (%) (6)	54.5%	

Third Quarter 2013 Financial Results

The Company's revenue of $14.1 million for the third quarter of 2013 increased $0.4 million, or 2.9%, compared with revenue of $13.7 million for the third quarter of 2012. Revenue at the Portside facility increased by $0.5 million during the third quarter of 2013 due to fuel cost savings of $0.4 million generated from the condensing economizer and boiler turndown capability and $0.1 million related to increased host operating levels. Revenue at the Ironside facility was impacted by a net decrease of $0.1 million due to an unplanned outage starting in May of 2013.

The Company's revenue of $42.3 million for the first nine months of 2013 increased $1.9 million, or 4.6%, compared with revenue of $40.4 million for the first nine months of 2012. Revenue at the Portside facility increased by $1.8 million during 2013 primarily due to fuel cost savings of $1.6 million generated from the condensing economizer and boiler turndown capability and $0.2 million related to increased host operating levels. Revenue at the North Lake facility increased by $0.5 million primarily due to being fully operational for the first nine months in 2013 compared to only eight months of operation in 2012. Revenue at the Ironside facility was impacted by a net decrease of $0.3 million due to an unplanned outage starting in May of 2013 and a decrease of $0.1 million due to reduced host operating levels.

Operations and maintenance expense for the third quarter of 2013 was $5.1 million compared to $4.4 million for the third quarter of 2012, an increase of $0.7 million or 14.9%. Operations and maintenance expense for the first nine months of 2013 was

$14.6 million
compared to
$12.8 million
for the first nine months of 2012, an increase of
$1.8 million
or 14.1%. The Company incurred periodic costs for the first nine months of 2013 comprised of
$4.7 million
for boiler retubing work,
$0.6 million
for an emergency boiler repair and
$0.1 million
for ductwork repairs compared to periodic costs for the first nine months of 2012 of
$3.3 million
for boiler retubing work and
$0.6 million
for ductwork repairs.

General and administrative expense totaled $2.1 million for the third quarter of 2013 and was flat when compared to the third quarter of 2012. General and administrative expense for the first nine months of 2013 was $6.0 million
compared to
$6.7 million
for the first nine months of 2012, a decrease of
$0.7 million
or 9.9%. The Company did not incur management fees for the first nine months of 2013 resulting in a net cost savings totaling
$1.1 million
when compared to the same period in 2012. In addition, the Company had reduced professional fees of
$0.1 million
compared to the prior nine month period offset by increased plant and liability insurance expenses of
$0.2 million
, IT expenses of
$0.1 million
, other general and administrative expenses of
$0.1 million
and accrued property taxes of
$0.1 million
.

Employee benefits expense for the third quarter of 2013 was $1.9 million compared to $1.2 million for the third quarter of 2012, an increase of $0.7 million. The increase is due to an additional payroll cost of $0.2 million, $0.1 million related to dividends paid on stock options and $0.4 million of stock based compensation inclusive of a one-time board compensation award. Employee benefits expense for the first nine months of 2013 was $5.0 million compared to $2.7 million for the first nine months of 2012, an increase of $2.3 million. The increase is due to additional compensation cost of $1.1 million primarily associated with transferred employees hired by the Company upon termination of the Management Agreement, $0.4 million related to dividends paid on stock options, $0.4 million of cost recovery provided to the Company under the Management Agreement in the first nine months of 2012 that did not recur in the first nine months of 2013 and $0.4 million of stock based compensation inclusive of a one-time board compensation award. Prior to June 1, 2012, the transferred employees were employees of the Company's former manager who previously provided operational and administrative services to the Company under the Management Agreement. For the first nine months of 2012, management fees incurred by the Company of $1.1 million were recorded as general and administrative expenses.

On a combined basis, general and administrative expense and employee benefits expense for the third quarter of 2013 was $4.0 million compared to $3.3 million for the third quarter of 2012, an increase of $0.7 million. The increase in expenses is comprised of $0.4 million of stock based compensation inclusive of a one-time board compensation award, $0.2 million of payroll cost related to new employees, $0.2 million of consulting fees and 0.1 million related to dividends paid on stock options. The increase in expenses was offset by reduced professional fees of $0.1 million and other general and administrative expenses of $0.1 million.

On a combined basis, general and administrative expense and employee benefits expense for the first nine months of 2013 was $11.0 million compared to $9.4 million for the first nine months of 2012, an increase of $1.6 million. The increase in expenses is comprised of $0.4 million related to dividends paid on stock options, $0.4 million of stock based compensation inclusive of a one-time board compensation award, $0.2 million of plant compensation expense, $0.2 million of corporate compensation expense, $0.2 million of plant and liability insurance, $0.1 million of IT expenses, $0.1 million of other general and administrative expenses and $0.1 million of accrued property taxes. The increase in expenses was offset by reduced professional fees of $0.1 million.

Equity in earnings of the Harbor Coal joint venture for the third quarter of 2013 was $0.2 million compared to $0.5 million for the third quarter of 2012, a decrease of $0.3 million. Equity in earnings of the Harbor Coal joint venture for the first nine months of 2013 was $0.7 million compared to $1.8 million for the first nine months of 2012, a decrease of $1.1 million. The decrease is the result of reduced revenue based on increased natural gas injection and reductions to coal through-put for the current year as well as reduced blast furnace operation that began in the second quarter of 2013.

Operating loss for the third quarter of 2013 was $0.1 million compared to operating income of $1.2 million for the third quarter of 2012, a decrease of $1.3 million. The decrease was the result of the net effect of the items discussed above.

Operating income for the first nine months of 2013 was $1.1 million compared to an operating loss of $1.9 million for the first nine months of 2012, an increase of $3.0 million. The increase was the result of the net effect of the items discussed above.

Net loss and comprehensive loss for the third quarter of 2013 was $0.7 million compared to $0.2 million for the third quarter of 2012, an increase of $0.5 million. The increase was the result of the net effect of the items discussed above.

Net loss and comprehensive loss for the first nine months of 2013 was $1.7 million compared to $5.1 million for the first nine months of 2012, a decrease of $3.4 million. The decrease was the result of the net effect of the items discussed above.

Conference Call and Webcast

Management will host a conference call to discuss the third quarter results on Wednesday,

October 30, 2013
at
10 am ET
. The telephone numbers for the conference call are: (888) 231-8191 or (647) 427-7450.

A digital conference call replay will be available until midnight on November 13, 2013 (ET) by calling (855) 859-2056 or (416) 849-0833. Please enter the password 71653061 when instructed. A webcast replay will be available for 365 days by accessing a link through the Events section at
www.primaryenergyrecycling.com

Forward-Looking Statements

When used in this news release, the words "intend", "likely", "anticipate", "expect", "project", "believe", "estimate", "forecast", "outlook" and similar expressions, are intended to identify forward-looking statements, including statements regarding maintenance and capital expenditures and the acquisition of the minority interest in PERH and the termination of Primary Energy's management agreement. Such statements are subject to certain risks, uncertainties and assumptions pertaining, but not limited, to recovery in the steel industry, continued strong performance from the mills we serve consistent with historical patterns, timely renewal of contracts at the Company's facilities, no protracted outages (planned or unplanned) for any of our facilities, operating and maintenance costs and general and administrative costs being similar to recent years except as described in this press release, regulatory parameters, weather and economic conditions and other factors discussed in the Company's public filings available on SEDAR at www.sedar.com . Additional risks and uncertainties not currently known or that are currently deemed to be immaterial may also materially and adversely affect the Company's business operations and outlook. Any of the matters highlighted in the Company's risk factor disclosure could have a material adverse effect on the Company's results of operations, business prospects and outlook, financial condition or cash flow, in which case, the market price or value of the Company's Common Shares could be adversely affected. These forward-looking statements are made as of the date of this press release and the Company assumes no obligation to update or revise them to reflect new events or circumstances, except as required by applicable securities laws.

About Primary Energy Recycling Corporation Primary Energy Recycling Corporation, headquartered in Oak Brook, Illinois, owns and operates four recycled energy projects and a 50 percent interest in a pulverized coal facility (collectively, the "Projects"). The Projects have a combined electrical generating capacity of

298 megawatts and a combined steam generating capacity of 1.8M lbs/hour. Primary Energy Recycling Corporation creates value for its customers by capturing and recycling waste energy from industrial and electric generation processes and converting it into reliable and economical electricity and thermal energy for resale back to its customers. For more information, please see www.primaryenergy.com

[1] As used herein, EBITDA means earning

[2] As used herein, references to Adjusted EBITDA are to EBITDA as adjusted for

[3] As used herein, Free Cash Flow means net cash provided by operating activitie

[4] Total Gross Electric Production means the aggregate amount of electricity prod

[5] Total Thermal Energy Delivered means the aggregate amount of heat energy c

[6] Harbor Coal Utilization is a factor that incorporates the production level of a bla

Management believes that EBITDA, Adjusted EBITDA, Free Cash Flow, Total Gross Electric Production, Total Thermal Energy Delivered and Harbor Coal Utilization provide useful supplemental information regarding the performance of the Company, facilitate comparisons of historical periods and are indicative of the Company's operating results. Note however, that these items are performance measures only, and do not provide any measure of the Company's cash flow or liquidity, and are not a substitute for IFRS financial measures.

Non-IFRS Measures

The Company reports its financial results in accordance with IFRS. The Company's management also evaluates and makes operating decisions using various other measures. Three such measures are EBITDA, Adjusted EBITDA and Free Cash Flow, which are non-IFRS financial measures. We believe these measures provide useful supplemental information regarding the performance of Company's business.

Reconcilation of Net Loss and Comprehensive Loss to Adjusted EBITDA

(in 000's of US$)	Three Mont
Net loss and comprehensive loss	$
Adjustment to net loss and comprehensive loss:	

Depreciation and amortization
Depreciation and amortization included in equity in earnings of Harbor Coal joint venture
Interest expense
Deferred finance fees expensed upon extinguishment of debt
Realized and unrealized loss (gain) on derivative contracts
Loss on derecognition
Income tax benefit

EBITDA

Adjustments to EBITDA:

Major maintenance (1)
Management Agreement termination fee
Professional fees and other general and administrative expenses related to the buyout of the non-controlling interest and internalization of management
Stock based compensation (2)

Adjusted EBITDA

1) Represents nonrecurring major maintenance expenditures for such items as boiler retubing work ar
2) The three month and nine month periods of 2013 are Inclusive of a one-time board compensation a

Reconcilation of Net Cash Provided by Operating Activities to Free Cash Flow

(in 000's of US$)		Three Mont
Net cash provided by operating activities	$	7,885
Less: Capital expenditures		
Free Cash Flow		

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DATED STATEMENTS OF FINANCIAL POSITION

(In thousands of U.S. dollars)

ASSETS		Sep
Current assets:		
Cash and cash equivalents	$	
Accounts receivable		
Inventory, net		
Tax receivable		

	Prepaid expenses		
	Other current assets		
Total current assets			39,408
Non-current assets:			
	Property, plant and equipment, net		
	Intangible assets, net		
	Restricted cash		
	Interest rate cap		
	Investment in Harbor Coal joint venture		
Total assets		$	284,680
LIABILITIES AND EQUITY			
Current liabilities:			
	Accounts payable		$
	Short-term debt		
	Accrued property taxes		
	Accrued expenses		
Total current liabilities			18,913
Non-current liabilities:			
	Long-term debt		
	Deferred income tax liability, net		
	Interest rate swap		
	Asset retirement obligations		
Total liabilities			81,890
Equity			
Common stock: no par value, unlimited shares authorized;			
	44,706,186 issued and outstanding		
Contributed surplus			37,650
Accumulated shareholders' deficit			(109,339)
Total equity			202,790
Total liabilities and equity		$	284,680

Primary Energy Recycling Corporation

TED STATEMENTS OF COMPREHENSIVE INCOME

of U.S. dollars, except share and per share amounts)

Revenue:			
	Capacity		
	Energy service		
Expenses:			
	Operations and maintenance		
	General and administrative		
	Management Agreement termination fee		
	Employee benefits		
	Depreciation and amortization		
	Loss on derecognition		
Total operating expenses			
Equity in earnings of Harbor Coal joint venture			226
Operating (loss) income			
Other expense			
	Interest expense		
	Deferred finance fees expensed upon extinguishment of debt		
	Realized and unrealized (loss) gain on derivative contracts		
Loss before income taxes			
Income tax benefit			
Net loss and comprehensive loss		$	(729)
Net loss and comprehensive loss attributable to:			
	Owners of the Company		
	Non-controlling interest		
Net loss per share attributable to owners of the Company:			
Weighted average number of shares outstanding - basic			44,706,186
Weighted average number of shares outstanding - diluted			44,706,186
Basic and diluted net loss per share attributable to owners of the Company		$	(0.02)

Primary Energy Recycling Corporation
DATED STATEMENTS OF CHANGES IN EQUITY
(In thousands of U.S. dollars)

	Common stock		Contributed surplus	Accumulated deficit
Balance - January 1, 2012		$	274,479	$
Net loss and comprehensive loss				
for the nine months ended September 30, 2012			-	
Buyout of non-controlling interest			-	
Stock-based compensation			-	
Balance - September 30, 2012		$	274,479	$
Balance - January 1, 2013		$	274,479	$
Net loss and comprehensive loss				
for the nine months ended September 30, 2013			-	
Dividends on Common Shares			-	
Stock-based compensation			-	
Balance - September 30, 2013		$	274,479	$

Primary Energy Recycling Corporation
OLIDATED STATEMENTS OF CASH FLOWS
(In thousands of U.S. dollars)

CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss and comprehensive loss for the period	$	(729)
Adjustments for:		
Depreciation and amortization		5,304
Loss on derecognition		-
Unrealized loss (gain) on derivative contracts		117
Deferred finance fees expensed upon extinguishment of debt		-
Equity in earnings of Harbor Coal joint venture		(226)
Distributions from investment in Harbor Coal joint venture		901
Non-cash interest expense		410
Non-cash stock based compensation		54

Income tax		
Net change in non-cash working capital balances		2,772
Net cash provided by operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Change in restricted cash		-
Capital expenditures		(2,566)
Net cash used in investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of debt		-
Purchase of non-controlling interest		-
Payments of deferred financing costs		-
Repayment of debt		(3,333)
Dividends on Common Shares		(2,235)
Net cash (used in) provided by financing activities		
Net (decrease) increase in cash		(249)
Cash and cash equivalents - beginning of period		28,466
Cash and cash equivalents - end of period	$	28,217
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	$	903
Cash paid during the period for income taxes	$	-

SOURCE Primary Energy Recycling Corporation