



# Q3 2016 Earnings Conference Call

## November 2, 2016

# Speakers

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**Daniel J. Oh**  
President & Chief Executive Officer



**Chad Stone**  
Chief Financial Officer



**Todd Robinson**  
Treasurer

# Safe Harbor Statement

This presentation contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 as amended, including statements regarding timeline for development and commercialization of products in our life sciences business, the costs and effects of improvements at our Ralston facility and our outlook for gallons sold and Adjusted EBITDA in the fourth quarter of 2016.

These forward-looking statements are based on current expectations, estimates, assumptions and projections that are subject to change, and actual results may differ materially. Factors that could cause actual results to differ materially include, but are not limited to, potential changes in governmental programs and policies and federal and state governmental tax credits and incentives requiring or encouraging the use of biofuels, including RFS2, and biomass-based diesel production; changes in the spread between biomass-based diesel prices and feedstock costs; the future price and volatility of feedstocks; the future price and volatility of petroleum and products derived from petroleum; risks associated with fire or explosion at our facilities, including potential losses associated with the fires at our Geismar facility; the effect of excess capacity in the biomass-based diesel industry; unanticipated changes in the biomass-based diesel market from which we generate almost all of our revenues; seasonal fluctuations in our operating results; competition in the markets in which we operate; our dependence on sales to a single customer; technological advances or new methods of biomass-based diesel production or the development of energy alternatives to biomass-based diesel; our ability to successfully implement our acquisition strategy; our ability to use our development stage life sciences technologies to produce renewable chemicals, fuels and other products on a commercial scale and at a competitive cost, and customer acceptance of the products produced; the significant capital expenditures required to produce commercial quantities of renewable chemicals; and other risks and uncertainties described from time to time in REG's annual report on Form 10-K for the year ended December 31, 2015, quarterly reports on Form 10-Q and other periodic filings with the Securities and Exchange Commission. All forward-looking statements are made as of the date of this press release and REG does not undertake to update any forward-looking statements based on new developments or changes in our expectations.

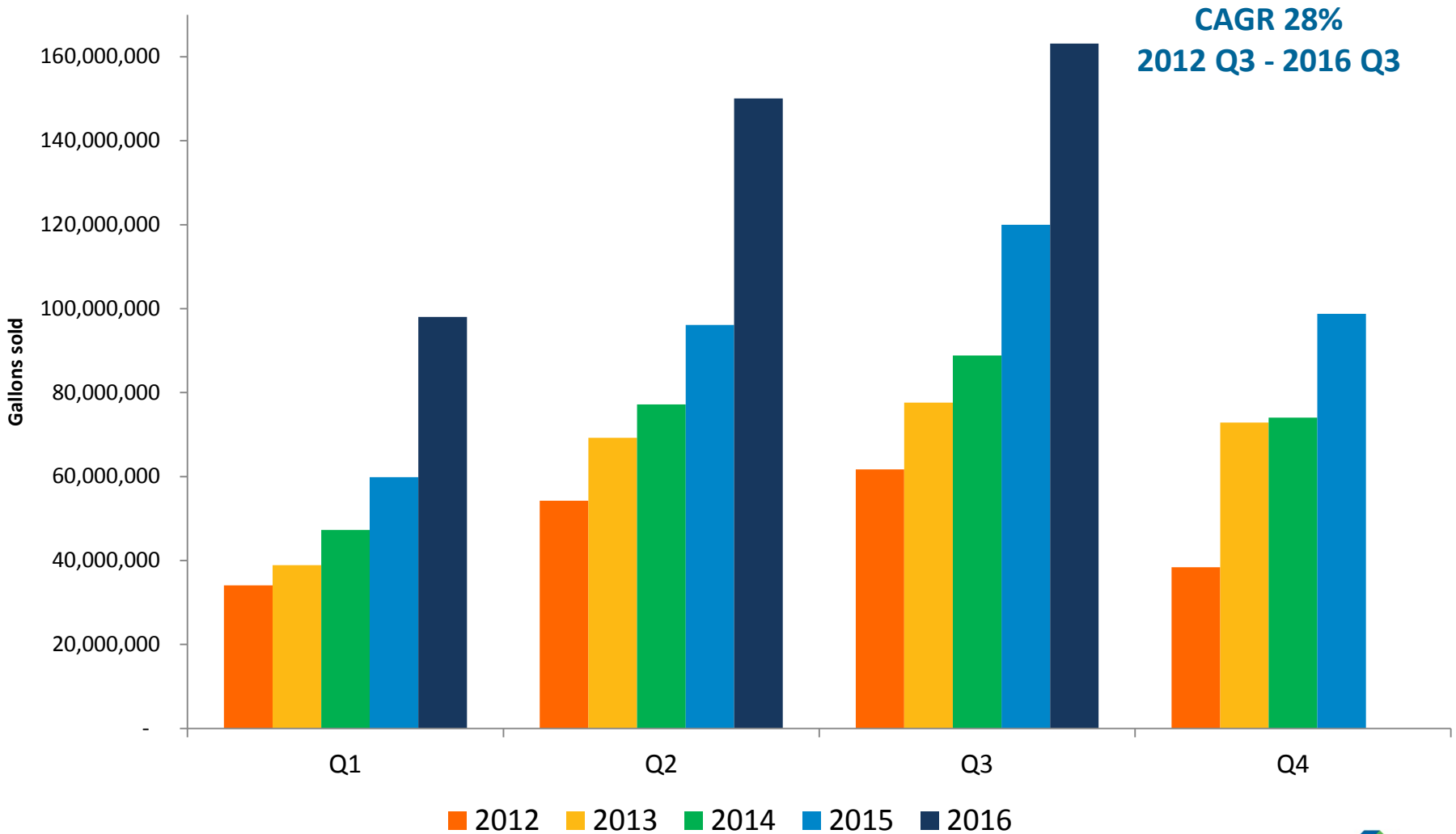
# Third Quarter Financial Highlights

(in millions except for ASP)	Q3 2016	Q3 2015	Y/Y Change
Gallons Sold	163.1	120.0	36%
Revenue	\$624.6	\$394.9	58%
Adj EBITDA <sup>1</sup> without BTC allocation	\$31.6	\$(10.4)	N/M
Adj EBITDA <sup>1</sup> with BTC allocation	\$31.6	\$16.9 <sup>2</sup>	87%

(1) Adjusted EBITDA is a non-GAAP measure. See Appendix for the definition of Adjusted EBITDA and reconciliation to Net Income determined in accordance with GAAP

(2) On December 18, 2015 the Protecting Americans from Tax Hikes Act of 2015 was signed into law, which reinstated and extended a set of tax provisions, including the retroactive reinstatement for 2015 and extension for 2016 of the federal biodiesel mixture excise tax credit. The retroactive credit for 2015 resulted in a net benefit to the Company that was recognized in the fourth quarter of 2015, however because this credit relates to the full year operating performance and results, we allocated the first three quarters of 2015, respectively, based upon gallons sold and excluded those amounts from the fourth quarter of 2015 Adjusted EBITDA.

# Quarterly Gallons Sold



# Network Updates

- Completed \$34.5 million of upgrades at the Danville, Illinois biorefinery



- Operations at REG Geismar were reduced by 10 days due to local area flooding an additional 27 days in the quarter due to pulled forward scheduled maintenance

# Q3 2016 Pipeline Progress

<b>Product</b>	<b>Phase 1: Early Development</b>	<b>Phase 2: Mid Development</b>	<b>Phase 3: Advanced Development</b>	<b>Phase 4: Pre-Launch</b>	<b>Anticipated First Sale</b>
Multi-Functional Fatty Acid (Musk)	Progress Through 2015		2016 Advancements		2016
Fragrance Intermediate 3	2016 Advancements				2017
Performance Chemical 1 (Surf.)	Progress Through 2015	2016 Advancements			TBD
Performance Chemical 2 (Surf.)	Progress Through 2015	2016 Advancements			TBD
Octanol (Plastics)	Progress Through 2015	2016 Advancements			2018
C8/C10 Esters	2016 Advancements				TBD
<b>Capability</b>	<b>Phase 1</b>	<b>Phase 2</b>	<b>Phase 3</b>	<b>Phase 4</b>	
Glycerin Feedstock		Progress Through 2015	2016 Advancements		
Cellulosic Feedstock*	2016 Advancements				



<span style="color: green;">■</span> Progress Through 2015
<span style="color: orange;">■</span> 2016 Advancements

*\*Jointly funded research and development effort with ExxonMobil*



# Q2 to Q3 Product Name Update Key

Q3 2016 Name	Q2 2016 Name
Multi-Functional Fatty Acid 1 (Musk)	Fragrance 2
Fragrance Intermediate 3	Fragrance 3
Performance Chemical 1 (Surf.)	Novel Surfactant 1
Performance Chemical 2 (Surf.)	Novel Surfactant 2
Octanol (Plastics)	Plastics 1
C8/C10 Esters	N/A - new to pipeline
Glycerin Feedstock*	Detergent Alcohol 1*
Cellulosic Feedstock	N/A – not listed

\* Glycerin as a fermentation feedstock is applicable across the REG Life Sciences e-coli platform as well as with other microorganisms. At the time of the Q2 update, our work was focused on the detergent alcohol product. Our work has expanded since Q2 and is now reflected in the Capability section under the name Glycerin Feedstock.



# Quarter Highlights

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- In September, REG Geismar redeemed and paid off \$100 million GOZone Bonds ahead of maturity
- On September 30<sup>th</sup>, we expanded line of credit to \$150 million
- REG Grays Harbor secured additional \$5 million credit facility from Umpqua Bank
- Completed \$50 million share and bond repurchase program in 6 months

# REG Ralston Expansion

- We expect to increase capacity from 12 million gallons to 30 million gallons
- Total plant investment of \$24 million dollars

Working on bank  
financing



# Third Quarter Financial Highlights

(in millions except for ASP)	Q3 2016	Q3 2015	Y/Y Change
Gallons Sold	163.1	120.0	36%
ASP	\$3.14	\$2.57	22%
Revenue	\$624.6	\$394.9	58%
Net Income (loss) attributable to common stockholders	\$22.9	\$(15.7)	N/M
Adj EBITDA <sup>1</sup> without BTC allocation	\$31.6	\$(10.4)	N/M
Adj EBITDA <sup>1</sup> with BTC allocation	\$31.6	\$16.9 <sup>2</sup>	87%

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# Balance Sheet Strength

(in millions)	September 30, 2016	December 31, 2015
Cash and cash equivalents	\$86.5	\$47.1
Receivables	\$105.0	\$310.7 <sup>1</sup>
Inventory	\$98.2	\$85.9
Restricted cash	\$4.0	\$105.8
Net working capital	\$202.5	\$181.6
Total Assets	\$1,020.1	\$1,223.6
Current Liabilities	\$133.0	\$294.0
Term Debt <sup>2</sup>	\$218.7	\$256.6
Total Liabilities	\$429.2	\$609.6

(1) Accounts receivable at 12/31/15 reflects the Federal Biodiesel Tax Credit recorded in the fourth quarter of 2015

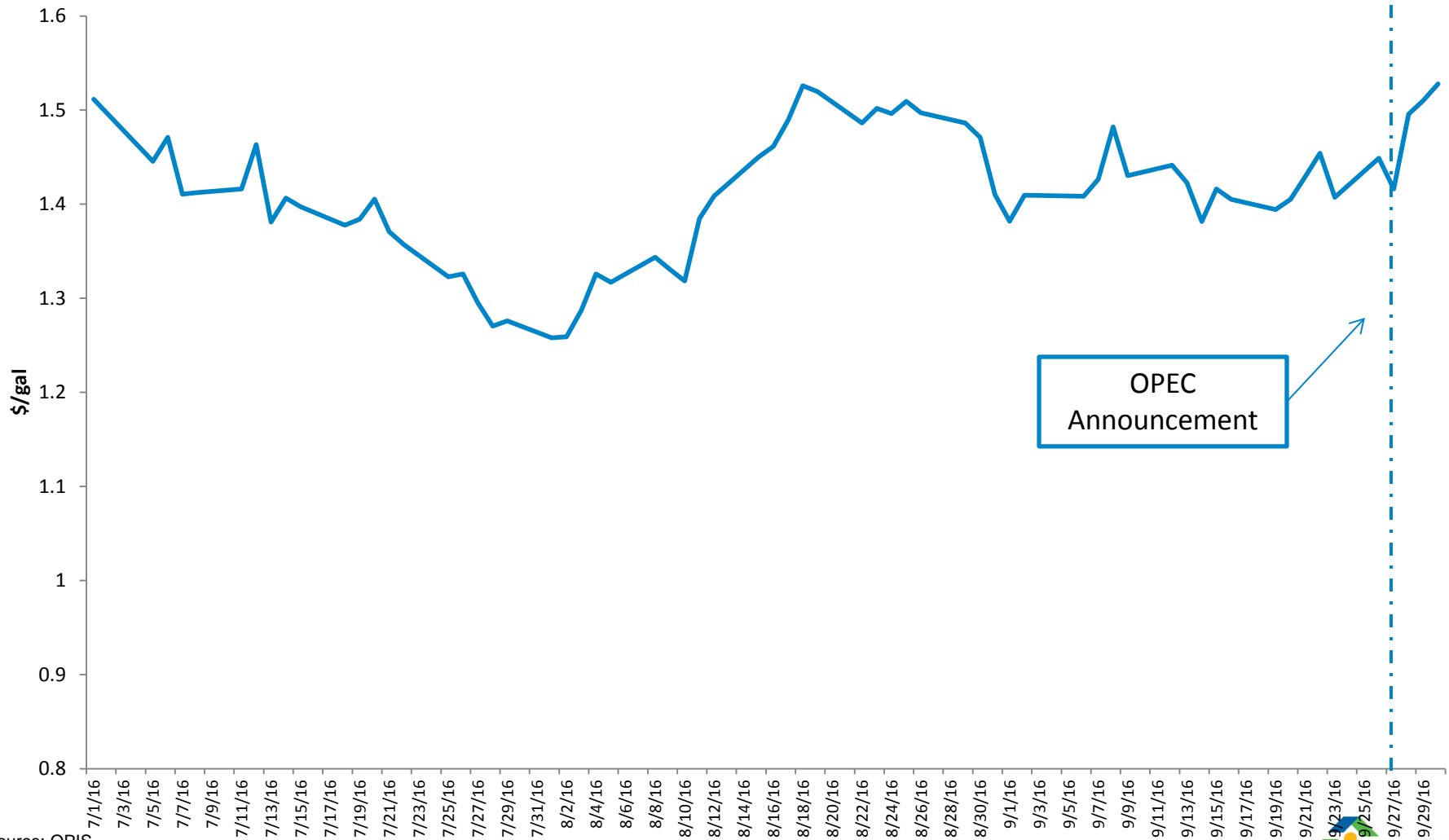
(2) Term debt before netting of the debt issuance costs of \$6.5 million and \$4.1 million at September 30, 2016 and December 31, 2015, respectively.

# Liquidity and Capital Structure

(in millions except for Book value per share)	September 30, 2016	December 31, 2015
Term Debt	\$218.7	\$256.6
Term Debt/Total Capitalization	27.0%	29.5%
Net Book Value	\$590.9	\$614.0
Book value per share <sup>1</sup>	\$15.33	\$14.01

(1) Based on common shares outstanding at the end of each period

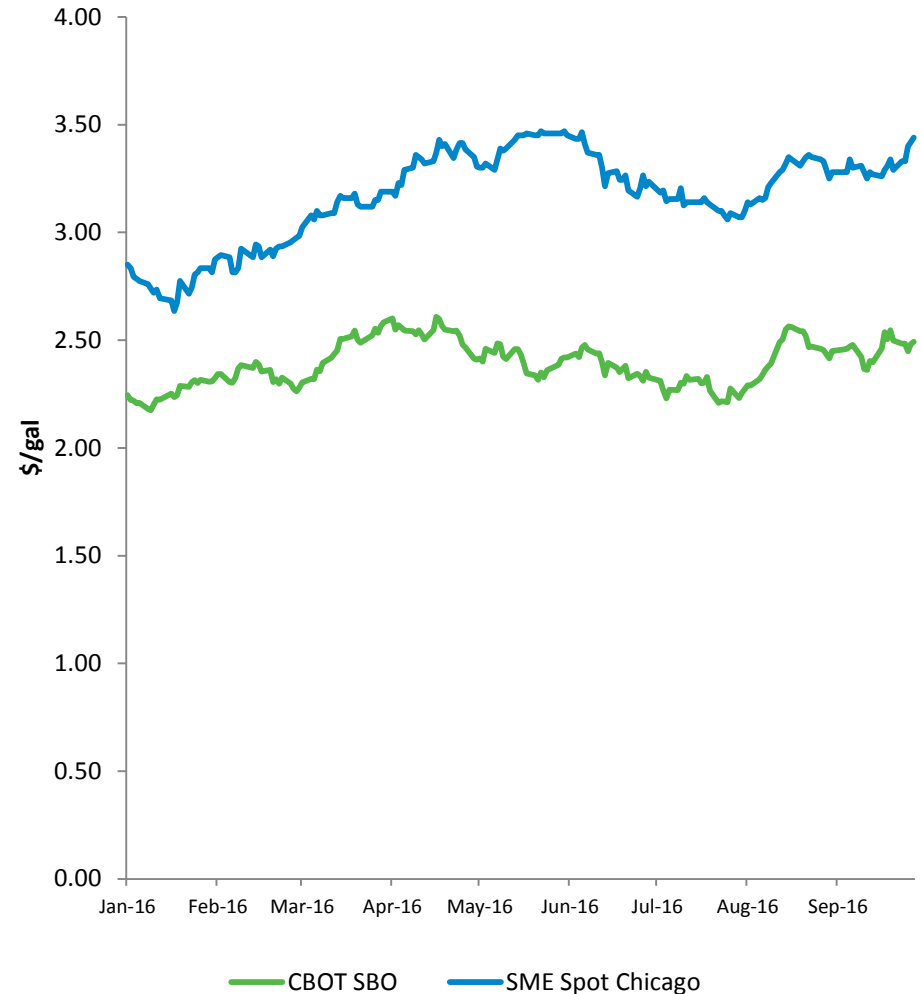
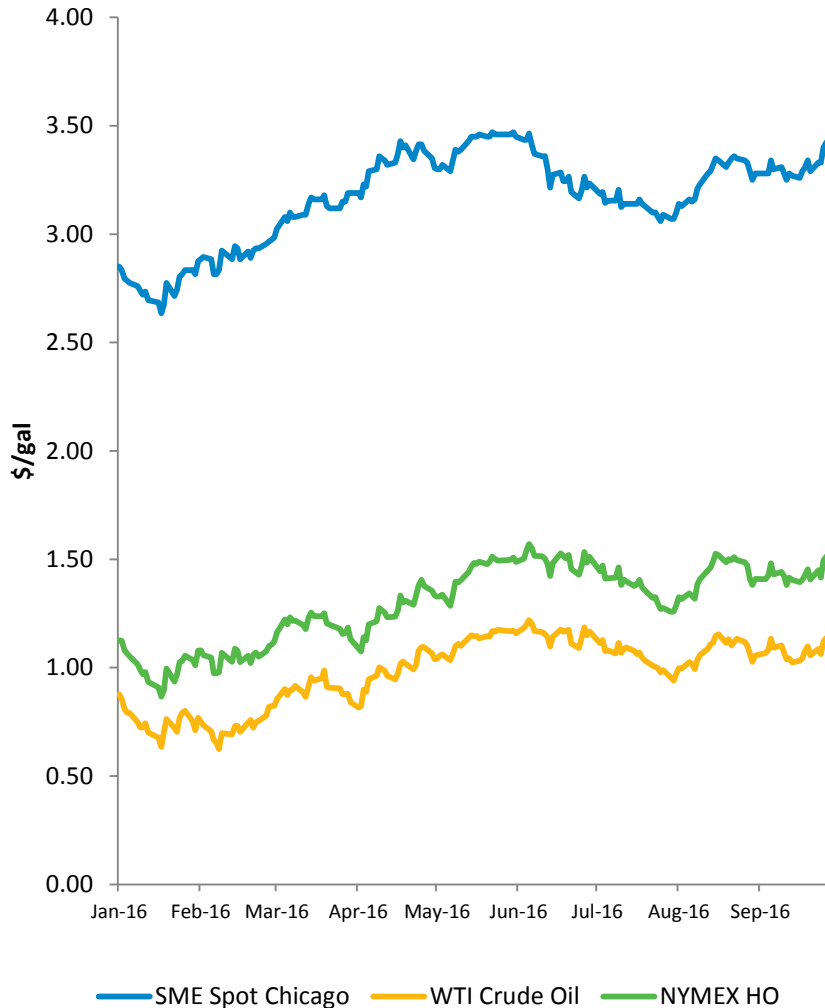
# NYMEX ULSD Prices



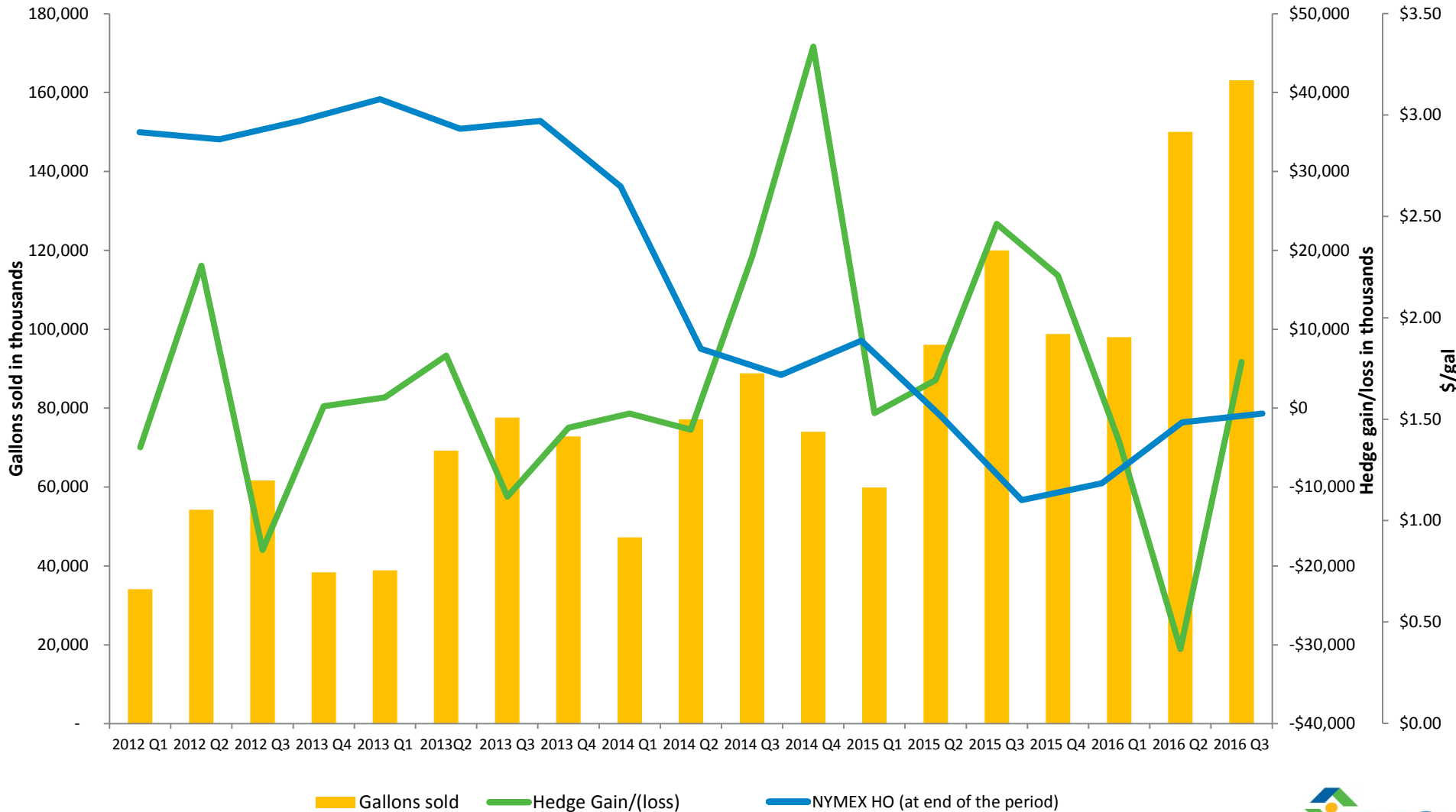
Source: OPIS



# Energy Market Prices



# Risk Management G/(L) Chart





# Outlook

## Assumptions:

- Based on contracted sales as well as the forward curve between feedstock prices and biodiesel prices
- No amount of insurance proceeds related to Geismar have been included in our outlook

(in millions)	Estimated Q4 2016
Gallons sold	140 – 155
Adjusted EBITDA	\$20 – \$35

# Upcoming Conferences Appearances

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**Roth Capital Partners**  
**4<sup>th</sup> Annual Roth Industrials Corporate Access Day**  
December 13, 2016  
New York city, NY



# Appendix Adjusted EBITDA Reconciliation

# Adjusted EBITDA Reconciliation

(in millions)	<u>1Q'16</u>	<u>2Q'16</u>	<u>3Q'16</u>	<u>1Q'15</u>	<u>2Q'15</u>	<u>3Q'15</u>	<u>4Q'15</u>	<u>Year ended December 31, 2015</u>	<u>Year ended December 31, 2014</u>
Net income (loss)	(6.88)	7.71	23.5	(38.30)	(2.16)	(15.67)	(95.57)	(151.71)	82.54
Income tax (benefit) expense	0.73	1.29	(1.20)	(0.90)	(0.71)	(1.05)	(6.05)	(8.70)	3.57
Interest expense	3.31	3.74	4.49	2.74	2.93	2.92	3.28	11.87	6.70
Gain on involuntary conversion	(3.54)	(0.99)	(3.47)	-	-	-	-	-	-
Bargain purchase gain from acquisition	-	-	-	-	-	(5.36)	-	(5.36)	-
Other (income) expense, net	0.08	(15.74)	(2.70)	(0.56)	(1.78)	0.46	1.41	(0.47)	(0.66)
Change in fair value of contingent liability	(0.01)	3.57	1.12	0.29	(2.12)	1.11	0.36	(0.36)	(6.63)
Impairment of goodwill	-	-	-	-	-	-	175.03	175.03	-
Straight-line lease expense	(0.10)	(0.08)	(0.07)	(0.16)	(0.14)	(0.02)	(0.10)	(0.42)	(0.64)
Depreciation	7.67	7.82	7.95	5.61	6.13	6.26	6.99	24.99	15.25
Amortization	(0.14)	(0.13)	(0.13)	(0.22)	(0.21)	(0.20)	(0.10)	(0.71)	(0.22)
Other	-	-	-	0.20	0.16	-	0.49	0.84	0.07
Lease cancellation	-	-	-	-	-	-	-	-	1.90
Non-cash stock compensation	1.07	0.86	2.133	1.08	1.16	1.19	1.73	5.16	5.88
Retroactive BTC	-	-	-	15.75	22.88	27.26	(65.89)	-	-
<b>Adjusted EBITDA</b>	<b>2.19</b>	<b>8.05</b>	<b>31.62</b>	<b>(14.47)</b>	<b>26.14</b>	<b>16.90</b>	<b>21.59</b>	<b>50.16</b>	<b>107.77</b>

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Total balance may not foot due to rounding.