

Company Name: Green Plains Inc
Company Ticker: GPRE US
Date: 2015-04-29
Event Description: Q1 2015 Earnings Call

Market Cap: 1,180.05
Current PX: 31.10
YTD Change(\$): +6.32
YTD Change(%): +25.504

Bloomberg Estimates - EPS
Current Quarter: 0.400
Current Year: 1.669
Bloomberg Estimates - Sales
Current Quarter: 732.000
Current Year: 2897.875

Q1 2015 Earnings Call

Company Participants

- Jim Stark
- Todd A. Becker
- Jerry L. Peters
- Carl Steve Bleyl

Other Participants

- Adam Samuelson
- Jeffrey Michael Schnell
- Edward George Westlake
- Farha Aslam
- Craig Edward Irwin
- Tyler L. Etten
- Brent R. Rystrom
- Matthew Thomas Farwell
- David Cristopher Driscoll
- Majid Khan

MANAGEMENT DISCUSSION SECTION

Operator

Good day, everyone, and welcome to the Green Plains First Quarter 2015 Financial Results Conference Call. Today's call is being recorded. At this time, I would like to turn the call over to Jim Stark. Please go ahead.

Jim Stark

Thanks, Angela. Welcome to our first quarter 2015 earnings call. Participants on today's call are Todd Becker, President and Chief Executive Officer; Jerry Peters, our Chief Financial Officer; Jeff Briggs, our Chief Operating Officer; and Steve Bleyl, Executive Vice President of Ethanol Marketing.

We have posted a slide presentation for you to follow along with and you could find this presentation on the Investor page under the Events & Presentations link on our website.

During this call, we will be making forward-looking statements, which are predictions, projections or other statements about future events. These statements are based on current expectations and assumptions that are subject to risks and uncertainties. Actual results could materially differ because of factors discussed in yesterday's earnings press release and the comments made during the conference call and then in the risk factor section on our Form 10-K and Form 10-Qs and other reports and filings with the Securities and Exchange Commission.

You may also refer to page two of the website presentation for information about factors that could cause different outcomes. We do not undertake any duty to update any forward looking statements.

And now, I would like to turn the call over to Todd Becker.

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Todd A. Becker

Thanks, Jim, and good morning to everybody and thanks for joining us today. As we indicated on our year-end call in February, 2015 was starting out with ethanol crush margins under pressure and from that time forward during the quarter the environment remained the same. The weaker margin environment was a result of energy prices searching for and finding the bottom of the market along with the Ethanol industry building inventory in the first quarter, which tended to be the weakest ethanol demand quarter of all quarters in any year due to seasonality of gasoline demand.

Ethanol pricing did its job remaining a discount to gasoline while margins have now expanded. This continued to prove the long-term viability of its place in the fuel tank as the cheapest source of octane and blend stock.

For the first quarter, we reported a loss of \$3.3 million or \$0.09 a share. We generated \$19 million of operating income from our corn oil marketing and distribution and agribusiness segment, but our ethanol segment was breakeven at an EBITDA level in the first quarter. After generating over \$200 million of net income over the last two years, one down quarter had a de minimis impact on our financial strength for a long term commitment to the industry and the markets in which we trade.

We expect to return the profitability in the second quarter and full year based on current market conditions. I'll discuss the curve in more detail later on the call.

Our daily average ethanol production rate was 92.4% of capacity producing 232.5 million of ethanol in the quarter. We made a conscious decision to slowdown and run for yield. We did have an increase in ethanol yield to 2.83 gallons per bushel of corn across the platform compared to 2.81 for the first quarter of 2014. The yield should start to gravitate back down as better margin environment we are currently experiencing has our plants are running closely to 96% of total operating capacity and increasing.

We also produced 630,000 tons of livestock feed and 58 million pounds of corn oil during the first three months of the year. One impact to the quarter was outlined on the last conference call was our forward distillers grains sales deck.

As the market was absorbing the exit of China from U.S. demand last year, values were very weak as a percentage of corn prices. As the market started to absorb the lost volume, the replacement value start to track higher towards parity with corn. With China uncertainty still looming, we put our forward sales on close to parity, but values continued higher after that. As a result, spot margins were about \$0.06 a gallon better overall if you take this into consideration. The daily average crush was that much higher unrealized based on the fact that we were in the spot market most of the quarter which was unique for us. China has returned to the market for distillers grains, which has propelled the prices even higher.

Notwithstanding this, the market started to recover without them proving the long-term need for high quality protein we produce as an industry. Export grade ethanol shipments accounted for 20.5% of our first quarter production, which was about 5% better than the previous record fourth quarter of 2014. While there has been a concern over the dollar gaining strength against foreign currencies, we still believe that U.S. ethanol industry will export between 800 million and 1 billion gallons this year.

U.S. ethanol is still priced very competitively to Brazilian ethanol. The pace of export-spec ethanol we shipped in the first quarter is a strong indication to us that the export market remains solid. The second quarter will not be as big at this point from our plants, but we are within striking distance of these numbers as well. We have seen interest as far out now as Q1 2016, further validating the competitiveness of our product globally. While parity may look closer to Brazil nearby, our curves show a solid program for the last half based on current markets even with currency values. It certainly looks like the advantage to U.S. gallons continues for the remainder of 2015 and 2016.

I'll turn the call over to Jerry now to review our first quarter financial performance, then I'll come back after Jerry's review to further discuss our outlook for the remainder of the year.

Jerry L. Peters

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Thank you, Todd, and good morning, everyone. Our consolidated revenues were \$738 million in the first quarter, which was up slightly from a year ago. For the first quarter of 2015 versus the same quarter in 2014, revenues for ethanol and distillers grains were down 16% and 20% respectively, due mainly to lower average prices realized for each of these commodities. Volumes of ethanol sold increased 6.5% to 276 million gallons in the first quarter while the average realized price per gallon was 22% lower than last year's first quarter.

Revenues from sales of grains and cattle-feeding increased by \$70 million and \$45 million respectively this year over last year. Our consolidated operating income for the quarter was \$4.1 million versus \$78.3 million a year ago, primarily as a result of the weaker ethanol margin environment and more limited merchant trading opportunities in our marketing and distribution segment.

The ethanol production segment operated at a loss – the operating loss was \$13.1 million for the first quarter compared to \$66.2 million in operating income last year. When you add back depreciation expense, you'll see that we were at slightly better than breakeven from ethanol production in terms of EBITDA compared to \$0.34 realized in the first quarter of 2014 and about \$0.28 per gallon for full calendar year of 2014.

We generated \$19 million of non-ethanol operating income for the quarter, which was down \$22 million from the first quarter of 2014. This variance was comprised primarily of \$27 million decrease in marketing and distribution offset by a \$2.5 million increase in operating income for corn oil production and a \$2.3 million increase in the agribusiness segment.

As I said, marketing and distributions performance was primarily related to a decline in merchant trading activity. You may recall, we had an unusually strong first quarter last year in the marketing and distribution segment, as logistical challenges and tight inventory levels in early 2014 as well as strong natural gas demand provided unique opportunities in those businesses.

Corn oil production was higher, generating 58 million pounds in the quarter compared to 50.6 million pounds a year ago. Prices realized for corn oil were a little weaker than a year ago following other commodity prices overall. With our current level of hedging, we anticipate the price per pound to remain in that \$0.29 to \$0.30 per pound range for the remainder of the year.

We saw an improved performance in our agribusiness segment due to a nice contribution from the cattle feedlot in the quarter and good corn storage margins within the segment.

Interest expense was lower by \$600,000 in the first quarter of 2015 compared to the same period in 2014 due to lower average debt balances outstanding.

Income tax benefit was \$2.4 million for the three-months ended March 31 compared to an expense of \$26.5 million for the same period in 2014. Now, looking forward, we continue to anticipate our tax rate will move back to around 37% or so for the remainder of 2015.

Earnings before interest, income taxes, depreciation and amortization, or EBITDA, was \$18.8 million for the first quarter of 2015.

On the balance sheet, looking at slide seven, you can see our net term debt was higher than the end of the year as a result of quarter end cash being down approximately \$35 million. This was not unexpected as we typically increased our cash investment in grain inventories early in the year when producers after having deferred payments into the next tax year are paid early in the new calendar year. In addition, we invested about \$14 million in capital expenditures in the first quarter of 2015.

Majority of the capital spend was on our 100 million gallon expansion project, our grain storage expansion net of volume and the addition of SMT or fine-grind technology at one of our plants.

With that, I'll turn the call back over to Todd.

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Todd A. Becker

Thanks, Jerry. For the second quarter of 2015, we are approximately now 80% hedged as of today and have 10% hedged for Q3 and looking to add more. While stocks remain historically high, margins rallied right past that factor which we follow yesterday's EIA data validated the fact that stocks are starting to come down and production is starting to come down as well.

We felt compelled based on this situation to start hedge our book of the lows of the first quarter. Gasoline demand remained solid coming into driving season. The run rate of the industry, as I mentioned, has come down after a strong winter production season now due to shutdowns and warmer temperatures.

Some of this will be offset as we're seeing expanded production capabilities that come on and offline depending on the time of the year. One indicator why margins are ignoring stocks is the number of days of total inventory supply, including in transit which EIA does not report. These days are not much higher than last year's during the high margin environment but much tighter than all of 2010, 2011 and 2012.

We believe this was the cause of the margin expansion in our opinion as the gas demand is a driver of days of supply tightness overall, which is a little bit different that we've seen in the past.

In conclusion to this topic, current ethanol production run rates and demand growth suggest that inventory level should continue to draw down over the next four to five weeks. Usually the market needs validation of this, but this time around it is not waiting for this to happen and for all intensive purposes this sounds realistic.

Ethanol blending economics have strengthened to a normalized level, while wholesale ethanol is trading \$0.40 or more on average on their wholesale gasoline on a per gallon basis. While the price of oil may continue to linger in its current range, wholesale gas has moved up close to 30% since the low mark in the middle of January of 2015 and ethanol prices have moved up nearly 18% over that same time period, widening the spread and making our molecule very competitive.

Even with all that said, we have started to hedge some Q3 volumes in our Eastern plant as I mentioned as some of those plants have very high margins, which is contrary to previous years where the West typically led the way.

I want to talk a little bit about our growth initiatives. A 100 million gallon expansion project is on track. We anticipate seeing some increased ethanol production at third quarter this year as the market conditions continue to improve. The goal is to have all of their projects completed by the end of the year. Agribusiness and cattle had a solid quarter and the trailing six months since new crop bushels started arriving. During that period, during that trailing six-month period, we generated over \$8 million in operating income which actually gets us close to those same quarters and previous year's results as we achieve the goal of recreating the grain earnings post the sale of our grain elevators in 2012.

Marketing and distribution had a reasonable quarter. There were limited opportunities though this quarter and our deployment of capital in the merchant business was minimal. While corn oil values have softened a bit, our forward sales book cushioned that move.

In addition, we continued to change the mix from mostly sales to biodiesel producers to a more diversified sales program to the feed markets as well. We have made great discoveries of expanded use of the products since we have acquired our cattle feed yard and have transferred that knowledge base to other customers on the feed side.

We are highly focused on completing our proposed initial public offering of Green Plains Partners LP, which will own our downstream ethanol transportation and storage assets. While completion of the proposed IPO is subject to a number of factors, including market conditions, we believe a successful initial public offering of Green Plains Partners would add another currency to fund growth of our downstream services and products business. I'm sorry to say there is not much more we can disclose on the IPO as it remains a confidential filing with the SEC.

Our balance sheet remains solid, our priority list on growth is intact and we anticipate that 2015 will be a solid financial performance year for Green Plains based on current market conditions. Our growth focus remains the same, as illustrated in the past, and as the year progresses, we believe we will be able to be more specific with you and

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communicate our plans and long-term aspirations for the company.

I would like to thank you for joining the call today. I'll ask Angela to start the question-and-answer session.

Q&A

Operator

Thank you. [Operator Instructions] And we will take our first question from Adam Samuelson with Goldman Sachs.

<Q - Adam Samuelson>: Yeah, thanks. Good morning, everyone.

<A - Todd A. Becker>: Morning.

<Q - Adam Samuelson>: Maybe first, Todd, on the hedging activities in the quarter, and as you look out into the summer, should we take the comment that you're 80% hedged through 2Q and even 10% hedged into 3Q as a view that this is probably as good as the margin structure could get? I mean, it looks like spot margins have rallied quite strongly through April. Are you thinking functionally that this is...?

<A - Todd A. Becker>: No, Adam, actually we put the program on and the margins rallied right through the program that we put on. But we felt to be prudent coming off of a down quarter is to not be impatient on at least locking away a very good – what could be a good first half after staring at a margin curve that was pretty negative for a while. So from our standpoint, it doesn't give you a view of our margin opinion, it just gives you a view of being prudent and locking margins away in Q2 coming off of a very down quarter.

With regard to the forward curve, as you can see, we've only locked around 10% of Q3 and the margins have rallied passed that as well. The margin curve showing today is in the mid-to-high teens along our whole platform for Q3 with some of our Eastern plants in the low-30% and high-20% s. So it really just depends on where you're at in the geographics of the U.S. to determine what the best strategy is.

The other thing you have to watch very closely is distillers grains have felt soft as of late and the corn base has held very firm as of late. So with locked in corn basis and locked in distiller sales, we felt it was prudent to at least lock some of that away to take some of that volatility out. So it's not just the volatility of the ethanol and the corn market, it's the volatility of everything else, all the derivatives of the crush. So I don't think you can say that that was a view. I mean, I think we got away from our forward hedging program in Q1, and they'll prove to be the wrong thing to do and we'll admit to that. We had seen better margins in mid-Q4 and late Q3 of last year for Q1 that we neglected to lock away, and the market moved so fast away from us that we never had a chance to do it, but we could have locked better margins away in Q1 as a company, as an industry looking out when we had the great margins in Q3 and Q4.

<Q - Adam Samuelson>: Okay, that's helpful. Maybe just to follow up there on the DDG side, the pricing there has proven to be very strong of late, although you have seen corn prices start to drift lower; soy meal prices have come in pretty meaningfully. How are you thinking about the sustainability of current DG pricing in the 170, 180 range – where it is now? It's at the highest level relative to corn or soy meal than it's been in quite some time.

<A - Todd A. Becker>: So as from [ph] an RV (17:58) to corn, we're trading at the higher end of the range and as corn continues to come down, DDGs have started to come down as well. In relation to soy meal, when you look on a per unit cost of protein, we are still a cheaper per unit cost of protein to continue to feed the storage grains even taking into consideration the protein difference.

And so, you can actually still achieve greater values against soy meal to the point, I think it's a 1.35 ratio per unit of protein where you can still go up 35% from these prices so you kind of hit the per unit of protein comparison of soy meal to distillers grains.

So, with that said, what we've seen is, as everybody talked about the exit of the domestic player in the storage grains, we continue to sell the storage grains everyday to the domestic players. So they're not, while some are kicking it out,

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some are also leaving it in, and using more and then we've seen the – with China's return, obviously that took up any extra slack that there was but the market has been absorbing in already as we kind of, as we were moving back towards parity with corn as we mentioned.

So, we're watching it closely but we're still trading at premium and any China business that continues to get down keeps their premium intact. But beyond that this Far East and Asia business that we're seeing continues to increase overall and it's not just China driven. And any kind of break in these percentages of replacement values is continuing to be very well supported. You got a 10% drop in the storage grains, the domestic players starts to come in aggressive again, I think.

<Q - **Adam Samuelson**>: Okay. And then maybe just – I'll try to squeeze one in on the proposed MLP. And the question is, in the quarter itself, you generated \$5.6 million of operating income and marketing and distribution without much benefit from merchant activities. Where else would earnings have come from that could in theory be going into the MLP, if you can comment?

<A - **Jerry L. Peters**>: Well, we probably can't get into any specifics on the structure of the MLP. As we had said in the release related to that, it's our transportation and storage assets that will be going into that MLP. They may not all be located currently within the marketing and distribution segment.

<Q - **Adam Samuelson**>: Okay. I figured I would try. I'll pass it along. Thanks.

<A - **Todd A. Becker**>: Thanks.

Operator

We will now go to Laurence Alexander with Jefferies.

<Q - **Jeffrey Michael Schnell**>: Hi, this is Jeff Schnell on for Laurence. Can you elaborate a little bit more on what gives you confidence in the export demand for 2015?

<A - **Todd A. Becker**>: Yeah. And when you look out on the curve beyond some of the nearby noise around Brazilian currency and the sugar harvest in their season of when they really produce a lot of their ethanol, we still remain competitive all the way out through 2016 especially as you get further in a year when the ethanol market in the U.S. is inverted and the ethanol market in Brazil is at a carry. So, when you look at that, the spread starts to really widen out beyond April/May.

In addition, the currency obviously, the Brazilian currency is helping us now, where before when it was below 3.0, they were definitely getting close to being able to send some volume our way. A little bit of volume arrived, but I don't think that was any sign of a lot of volume coming, I think they're short volume still. I think they still need to figure out what their sugar crops is going to be. And I think it's only to produce some ethanol.

But overall, their gasoline demand remains very firm down there as well. And gasoline demand around the world remains very firm. And the U.S. ethanol continues to be the cheapest alternative. So beyond maybe a little bit of Brazilian harvest activity, it looks like last half of the year we are fully back advantage U.S. by those same type of numbers that we saw last year and first quarter.

And then obviously we're already seeing business out of the Philippines, India area for first quarter of 2016 being asked for pricing. So, overall that gives us our confidence that we should be at least 800 if not towards, pushing towards those higher numbers.

<Q - **Jeffrey Michael Schnell**>: Great. And then quickly, on your hedging strategy, you talk about locking in exports and also just domestic demand a few quarters out. Are these prices fixed, or are they variable? And if they are variable, when do these prices settle?

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<A - **Todd A. Becker**>: So, when we sell, typically when we sell physical, if it's in the domestic market we'll sell through an end user, not a fixed price but we can hedge that fixed price and fix it immediately and crush against that and lock our margin away. So it's really a component of – they buy index pricing, we can lock those index anytime we want. And then when we get there, it will just price off and our hedges will fall off and there is a 100% correlation between our hedges and the way they contract prices.

So, it's really, we want to get the physical volumes on, if there are good index levels, and then from there we could determine when to lock the financial and then it just settles like a normal hedge strategy settles.

<A - **Jerry L. Peters**>: But to be clear, the 80% that we talk about, the 10% that we talk about is fully fixed volumes of that, not just the underline or not the basics?

<Q - **Jeffrey Michael Schnell**>: Got it. Thank you.

<A - **Todd A. Becker**>: Thanks.

Operator

We will now go to Ed Westlake with Credit Suisse.

<Q - **Edward George Westlake**>: Yes, good morning. So a couple of questions, just on the ethanol and RINs update. I mean, obviously, on the fourth-quarter call, you were pretty passionate that as driving demand in the U.S. picks up, which we are seeing, that the discount for ethanol against conventional gasoline looks a little bit harsh relative to some of the properties which it has in the pool. But it's still trading a little bit weak, at least in the spot market. So any color there would be helpful. And then the second would be – any general comment on whether you think we are actually going to get any updates on the RFS this year?

<A - **Todd A. Becker**>: Okay. Well, what we saw was, Thanksgiving was the start of it where crude oil prices broke. Ethanol broke with it and corn prices really didn't do anything. So the U.S. farmer did not value corn from an energy component even though a third of this crop is energy. So, from that point forward, ethanol and – actually ethanol was priced higher than gasoline at that point for a moment.

<Q - **Edward George Westlake**>: Yes.

<A - **Todd A. Becker**>: And then obviously gas started to go, and ethanol has started to go as well. So we remain a discount but the margin has returned. So, I don't correlate the discount as much in terms of the true value of ethanol against gas as I do to give us a margin to operate. I think that we will continue to, as long as gasoline prices remain firm, we'll continue to have some type of discount depending if we have a margin or not. But obviously if we start to see tightness in the stock numbers and continued tightness, which we believe will continue to happen through late May and June. That spread should narrow a bit depending on the overall pricing of gas and oil.

So, it's a component of everything we look at but the discounted gas is sometimes not as important as the margin that we have. Does that kind of give you a color?

<Q - **Edward George Westlake**>: Yeah, yeah. So it's really the margin that's changed and emerged, which has been supported by the demand environment that you are seeing for gasoline and ethanol in the pool?

<A - **Todd A. Becker**>: Yes, when you look at the demand for gasoline which is really driving then the fact that our bigger stocks aren't expanding our days of overall storage. When you look at that, we're trending well above, well above the five-year high averages almost on a weekly basis right now for the first half of the year. So, gas demand, and then when you get to summer driving season, we should start to see some equivalent 150 billion gallon prints if you have to annualize it, even though that's not going to be the annualized run rate for gasoline demand. But we will start to see 145 billion to 150 billion gallon demand prints which starts – could start again draw on ethanol stocks as well.

<Q - **Edward George Westlake**>: [indiscernible] (26:04)

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<A - **Todd A. Becker**>: Yeah, and then with regard to the RFS, we're only going to go with what the EPA tells us, they said they will have made a deal and they'll have some numbers for us in mid-June. It looks like they're going to go with the 2014 numbers on actuals. And then if they look at the increase in gas demand, I think you'll be able to then look at 2015 and say what is the number going to be. And then, if they give us any room at all for 2015 expansion, so, or any other expansion as well.

So, I think that they're probably going to kick – again as we said last call, get down on the road make it easy on themselves, look at 2014 actuals and 2015, they can probably get to a number as well. And then 2016, depends on what their view on gas demand is.

<Q - **Edward George Westlake**>: Okay. And then just a quick one – you may be limited in what you can say, but obviously in other areas of the industry – say, like, in refining on the MLP, you've been able to sort of like qualify tanks within ethanol facilities, just a lot of stuff which is already within the business as something that qualifies for the MLP treatment. Is that directionally what you're looking at, without getting into specific details?

<A - **Jerry L. Peters**>: I'll probably repeat. I mean, it is a – ethanol storage and transportation asset. So, as you branded up storage is a component of qualifying activities. And so, we're looking at all of those areas of our business that quality.

<Q - **Edward George Westlake**>: Okay, thank you.

<A - **Todd A. Becker**>: Thanks, Ed.

Operator

And we will now go to Farha Aslam with Stephens.

<Q - **Farha Aslam**>: Hi, good morning.

<A - **Todd A. Becker**>: Good morning.

<A - **Jerry L. Peters**>: Good morning.

<Q - **Farha Aslam**>: Just a quick question on what you see on grain, Todd? How do you look at the corn basis that you're seeing coming into your facilities and your outlook on the grain crops would be helpful.

<A - **Todd A. Becker**>: The corn bases has definitely firmed up here in the last several weeks as the farmer goes into the field plants as corn is going to wait to see what he has coming at him. So, to get old crop corn right now, the farmer is absolutely in-charge. And we're going to have to wait for him to come out of the field and spoon-feed us some corn. So the corn bases, has definitely started to have an impact on the overall crush spread. But we had most of what we needed locked in for the second quarter and we have a good start on the third quarter for procuring corn.

Most interesting though, Farha, is what we're seeing in the fourth quarter. We're starting to see commercial hedgers sell us corn at more historical levels earlier in the season. And we think that's probably to make room for some soybeans as well as we have, we'll probably have a bunch of soybeans this year.

So, now we have started to see in places in Iowa at the 25 to 35 under numbers which we typically wouldn't see this early where commercial hedgers are starting to let go of some corn. And so that's a good thing. The interesting thing is the East and West are basically a parity now. Once again where the East typically would trade at a premium to the West but we're starting to see where the West has accelerated corn bases, which is why we see such good margins on our Eastern plants versus our Western plants. So, that's impacting the market a bit as well.

Overall, our view is, the farmer is going to get in the field and he's going to plant the corn. And we think that he hasn't – from what we're hearing is the – he's not buying the most expensive hybrid. But we still think that the numbers are solid what we've in the market on corn acres. And we expect that under normal growing conditions, we're going to have another good crop year with not a big draw in the carrier. So overall that's – probably that's a favorable fundamental for

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looking forward in the fourth quarter for the crush.

<Q - **Farha Aslam**>: Thanks. And then, if you just talk about driving miles a little bit more – what do you expect kind of gasoline usage would be up year-over-year? And how much do you think ethanol will be used in the domestic market, and how much is export? I think you said 800 million to 1 billion is exported?

<A - **Todd A. Becker**>: Yeah, yeah. So we think that gasoline demand would be up 2%-ish to 3% this year. Ethanol blending is up 3% to 4% year-over-year already for the first part of the year. And so we're seeing more blended ethanol into the gasoline as driving has gone up. As the charts have indicated, we're continuing to push ahead of the five-year demand run-rate for gasoline. And so, with all that said, you could have 138 billion, 139 billion gallon gas demand which then leads to a 13.8 million to 13.9 million gallon at base ethanol demand. If you're adding 100 million to 1 billion above that, we're starting to see some of the evidence that stocks would draw a bit.

Now, the industry has shown that they could produce 15 billion gallons for one week or two on a run rate, I'm not sure we can annualize that. So we're probably capable as an industry somewhere between 14.2 billion and 14.5 billion on an annualized basis, which then leaves us somewhere close to parity if not [ph] starting (31:14) to draw.

Again, I can only – and we'll get charts out to everybody – is to take you back to the fact that when you look at the overall tightness of days overall with the increased gas demand, some of those numbers we used to look at in the past aren't correlating very well with margins right now, where these stock numbers would typically correlate with a lower margin structure. But the fact is that we haven't seen this gas demand really for about four years to know what the stock number needs to be.

In addition, in discussions with others, I'll give others credit, they also pointed out that all of the new tanks that have been built to store ethanol across the United States to give you another base load of supply that you can't always access when you look at tank bottoms that they're all the time that are not accessible as well, which could be another 0.5 billion barrels that we can't really ever get to.

So, overall, I think that that when you look at gas demand and the increase we have to take into consideration between exports and gas demand, we need higher stocks any ways, and it doesn't feel like it's very loose right now.

<Q - **Farha Aslam**>: Great. And my final one is just on imports. Could you just delve a little bit more into your comments about imports and the Brazilian kind of pricing of ethanol – what kind of it costs to bring ethanol to the U.S., etcetera? Just some color on the potential import opportunities that Brazilian ethanol has into the U.S.?

<A - **Todd A. Becker**>: So we ran numbers and obviously the currency is helping us over the last week or so. And while there was a slight window for a day or two when the currency was at its weakest, that window has closed. And while somebody might have shoved a boat and trying to fulfill an agenda, it may not have been the most economic thing to do.

So, right now, it appears that the U.S. is cheaper as an origin overall. It appears that there is not a window today to import Brazilian ethanol. And then if you go out really much past July, it is advantage U.S. fully into the world market and really could not – there is really not a window at all for imports to come in there from Brazil. Steve, do you want to comment on that?

<A - **Carl Steve Bleyl**>: No, that's exactly right, and which means some less competitive deliveries to the Southeast Asian markets also.

<Q - **Farha Aslam**>: Right, thank you very much.

<A - **Todd A. Becker**>: Thank you.

Operator

And we'll now go to Craig Irwin with ROTH Capital Partners.

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<Q - **Craig Edward Irwin**>: Good morning and thanks for taking my questions. First, I wanted to ask about the 100 million gallons in de-bottlenecking and sort of incremental capacity that you mentioned in the release. Can you give us some color on the timing for that to come online and the associated CapEx?

<A - **Todd A. Becker**>: Yeah. So we had indicated on the last call, Craig, that this next 100 million gallons that we're going after is obviously more expensive than the first de-bottlenecking effort we had over the last five years. And that's going to be costing in the range of \$0.65 to \$0.70 a gallon, which is still the cheapest ethanol gallon we can go after.

We're able to do that and be more aggressive on the volume because we have registered RIN capacity at several of our facilities for example, Dakota, Iowa that already had extra RIN capacity without any pathway needed to go after that capacity. And so that project alone, Jeff, is 20 million gallons? That project alone is 20 million gallons and we don't have to ask for any pathway from the government to go after those gallons.

So, overall, we expect by the end of 2015 to be able to produce a 100 million gallons more in our platform than we, than the start of 2015 at a cost between \$0.65 and \$0.70 a gallon.

<Q - **Craig Edward Irwin**>: Great. Thank you for that. And my second question, I'll try a terminals question in the context of some historic disclosures that you've made. So your Birmingham, Alabama, facility that you built back in 2012 -- and I guess was finished and commissioned in 2013 -- back then, you were saying \$17 million in CapEx with a three-year payback, supported mostly by a third-party that was going to use about a third of the terminal's capacity. Can you comment maybe on these numbers, and whether there's anything that might have changed fundamentally over these past five years?

<A - **Todd A. Becker**>: We built Birmingham at around \$17 million. And we are still on track for a three-year payback against EBITDA. It is being used by multitude of customers, including ourselves, who put volume to the terminal. And those are longer term take-or-pay contracts that we have in place. So overall that strategy worked well and it's done exactly what we said it was going to do.

<Q - **Craig Edward Irwin**>: Thanks again for taking my questions.

<A - **Todd A. Becker**>: Thank you, Craig.

Operator

And we will now go to Tyler Etten with Piper Jaffray.

<Q - **Tyler L. Etten**>: Hey, guys. I was wondering, with all the on-farm corn supplies and with corn trending lower in the last month or so, I was wondering when you planned on filling those Q3 hedges?

<A - **Todd A. Becker**>: Well, I mean, overall when we look at Q3, what we mentioned is we're 10% hedged and looking to add to that position as margins have continued to expand right through our hedges and are showing right now high teens on the board. And we're making decision now on how much we want to expand coverage.

Now, we're doing the base of the fact that we have some corn bases bought in the fourth quarter and then we're estimating what we would take by the rest of the corn bases that we would need for our hedge program. If we feel like we can't achieve those values, we don't want to take the risk of being short corn bases in the third quarter, but feel like the farmer will let go of some of that corn if they're staring at a big bean and a corn crop and it looks like additions are off to a great start.

Then without a doubt, the farmer is in-charge of the U.S. corn bases today. But, they're going to carry in a lot of stock, when you look at the carryout, you could be pushing 2 billion bushels, the farmer is going to have to let go some corn. I guess that we're starting to see some commercials let go of corn in the fourth quarter, which is earlier than we expected.

But we need the farmers let go of some corn in the third quarter so we feel like as the corn bases rallies, the farmer really looks at it from a flat price perspective. But when we see filling hedges for ourselves, we would buy [ph] north to

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(38:04) what we normally do which is lots of margin. So it's a matter of making sure we could buy the corn base potentially.

<Q - **Tyler L. Etten**>: Okay. Thanks for that. And then, my second question would be, could you provide us with any color on where these exports are going? Or if there are any markets that are trending a little bit differently than normal? The USDA doesn't give us a lot of detail on where these are going.

<A - **Todd A. Becker**>: Well, we continue to see Canada being one of our strongest customers. We have Brazil in the first quarter in late last year became a strong customer. We have the Philippines, we have India. We have other countries like that. Steve, do you want to comment any more on?

<A - **Carl Steve Bleyl**>: I think the only one you missed that came back in, we missed them in January was UAE, they're back on the list breaking forth right now, back in a strong way.

<A - **Todd A. Becker**>: We're seeing other interest from newer countries as well. We think those expanded countries coming as well. And that's when we look at it. When you look at there is 30-plus renewable mandates around the world today, ranging from 2% to 10% and growing. And so when you look at that, as you look at the price of ethanol, people are discovering the price of U.S. ethanol globally is a very competitive fuel. These mandates are going to start getting filled.

And when you start filling these mandates, we believe by mid-2017, global demand will be greater than global supply when you take into consideration utilization rates around the world of the ethanol. Now there's more ethanol production available globally than global demand. But when you run utilization rates in the mid-80s globally, you really have to see a very big margin structure to bring back that extra percent or two or three of ethanol production which we don't think necessarily just comes on that easy. A lot of it is stuck in Brazil with the current sugar issues.

That's something that we believe is very fundamentally in our favor, and going forward where our utilization rates just can't come up but consumption rates continue to increase. And that doesn't even take into consideration the E15 initiative that's in place in the United States today where when you look at three years out and five years out and 10 years out, when you start to get 30% and 40% and 50% of the fleet E15, within E15 cap-on on the fuel tank, all of a sudden it becomes the standard, not the exception. And you'll see more wide range used of selling of E15 as well. There is another factor that include that the 2017 numbers I'm giving in.

<Q - **Tyler L. Etten**>: Okay. And with that expectation that demand will outpace supply, can we expect more capacity expansion in 2016, even in this lower margin environment?

<A - **Todd A. Becker**>: I think, the U.S. is – in the U.S., I think that you will see capacity come online. I think you will see some expansions take place as we're already seeing with couple of plants across the U.S. and our expansion and some more de-bottlenecking. So there is more de-bottlenecking to happen before I think you have to sit and build the plant.

But I still think you'll see a plant here and there get built if they can see the demand down the road. Obviously, demand doesn't materialize and we overbuild again, then obviously we're going to deal with that. But that just still takes you lower, lowest and most inefficient plants will be the first ones to close.

So, overall, I don't think we're going to see some rapid build I think we have to see evidence that demand will be greater than supply. But I still think in the meantime you will see some extra capacity expansion come online.

<Q - **Tyler L. Etten**>: Okay, thanks for taking my questions.

Operator

And we will now go to Brent Rystrom with Feltl.

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<Q - Brent R. Rystrom>: Hi, just a couple of quick questions. Do you see the new ethanol railcar shipments being [indiscernible] (41:51)?

<A - Todd A. Becker>: I can't hear you, can you repeat that?

<Q - Brent R. Rystrom>: Sure. Do you see the lower shipping speed now for railcars – for ethanol railcars? Do you see that as something that would be driving a little build of inventories that's going to take longer to ship?

<A - Carl Steve Bleyl>: Also, I think you'll see an increase in the need for more fleet potentially.

<A - Todd A. Becker>: Yeah, but I also think when you look at it, yes, so it depends if they run slower or they'll add more locomotives and more power, that's the first thing. The second thing is, we have now seen cars offer to us the \$600 to \$700 a month for one-year terms. That's off of \$3,000 plus of the highs. So, the market is coming back to our favor from a railcar leasing perspective. We're seeing rate increase because of some of the slower speeds starts to take shape, but we'll have to see how that transpires.

<Q - Brent R. Rystrom>: Okay. From a weather perspective, the Ohio River – that basin's very high relative to the normal precipitation levels. Everywhere else in the Corn Belt is 50% of normal or plus. I'm just wondering how you think about that and how you plan for that relative to the expectations for third and fourth quarter? I know it's very early. I'm just curious what thoughts you have.

<A - Todd A. Becker>: I mean, it's very early. Obviously in the West, this is great clear weather to find corn. So, let's not complain too much about no rain, let's get the crop planted in a big way and then start to watch the forecast after that. We are starting to see some of the forecast get wetter, but I think the farmer is in full planting mode in the West.

In the East, I think there are off to a solid start. We need to make up a little bit in the Southwest in terms of we're behind there. But I think overall, it looks like we have a clear window and we have good soil moisture west of Mississippi or east of Mississippi, and it looks like a good forecast in our favor if we can achieve that forecast once the farmer is done planting.

So, overall, not too concerned just yet, with weather we're watching some of these dry spots closely as you are.

<Q - Brent R. Rystrom>: All right. And then final quick question for you, Todd. You had mentioned that you think this year will be a solid performance for Green Plains. Can you give us some parameters of what a solid performance is?

<A - Todd A. Becker>: Yeah, look, I mean, it's not like last year when we saw a curve just explode. But I think when we look out long-term structural margins for the industry has been between \$0.18 and \$0.25 a gallon it's kind of what we have said. We've seen some years like last year where we saw \$0.30, \$0.40 plus margin. We do see some of those in the East today. Hard to say what the year will be, but definitely – the first quarter will definitely not be the defining quarter for our year.

It's our trailing 12 is still strong, it should remain strong after the next couple of quarters and we will continue to focus on paying down our debt and managing our company's overall, it may not be like last year which was a great year for us. But we feel like getting rid of the first quarter and moving on to the second, we'll deal with some opportunities then in the forward curve.

<Q - Brent R. Rystrom>: Maybe a different way of asking that is, you've had a couple of aberrations, one to the upside of last year, and two to the downside [indiscernible] (44:57). Excluding those years, you have been low dollar to a mid-dollar EPS [indiscernible] (45:04). Would that be consistent with what you would consider a solid performance?

<A - Todd A. Becker>: Well, we're looking at year EPS guidance but I would say, the difference now is the fact that we have 1 billion gallons of production versus what we had 300 million gallon back then. And we have a \$100 million or so of non-ethanol operating income inclusive of our corn oil revenue, so – and growing that as well. And then obviously, some other things that are happening around base in terms of.

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We can now run harder because of the investments that we've made in [ph] SMT (45:38), and maintain yield which is a little bit different story than in the past as well. So, we don't give full-year guidance on EPS but when we say that it's obviously a very different platform than it was in 2012 and even more so than it was at 2009. So, you can kick-out the highs and lows, but I would say we probably missed the highs last year as the company anyway.

So, our average crush for a lot of the quarters was around \$0.30 to \$0.35 a gallon but then the daily averages were higher than that as you can see at other companies that report at time. But overall, all I can say, we believe that this isn't a one-year deal for us. And we've built a company to withstand few cyclical and we saw a cyclical in the first quarter with the oil doing what it's doing. And the small loss had very minimal impact on our strategy. Okay.

<Q - Brent R. Rystrom>: Thank you.

<A - Todd A. Becker>: Thank you.

Operator

And we'll take our next question from Matt Farwell with Imperial Capital.

<Q - Matthew Thomas Farwell>: Hey, good morning.

<A - Todd A. Becker>: Hey, Matt.

<A - Jerry L. Peters>: Hey, Matt.

<Q - Matthew Thomas Farwell>: Thanks so much for the color. You talked about your hedging strategy, and you're kind of reverting to locking in margins. And if you look back at what you did heading into Q1, which is sort of a seasonal peak in supply and a seasonal low in demand, obviously – probably not a good quarter to be exposed to the spot. However, 3Q seems to be a pretty strong quarter for ethanol generally, and certainly for gasoline demand. And with oil prices lower, it seems like that has only benefited the ethanol industry from a demand perspective. So why not consider going to bat again in the third quarter and being more exposed to spot?

<A - Todd A. Becker>: Look, we're 90% exposed to spot today. So, I don't think we'll come into any quarter fully in the spot. But with the strength of our balance sheet, obviously you can see we came into the first quarter exposed to spot. It was a wrong decision actually. And so, like I said, we often criticized and often applauded for our strategy just when we got ripped out a little bit on thinking that the spot margins were always going to be the best place to be.

I still think there is lots of other reasons from a strength of company, generation of cash that you lock a certain percent away with the size and scope and the scale that we are. But what you could see, I think we went through the worst of it. And I'm not sure we will aggressively lock you three away, but we still believe that a majority of our shareholder base and our owners expect some percentage of a forward book to be locked away when the opportunity is there.

So, we make the best decisions that we can. But obviously the balance sheet is a little bit different than in the past where we could say un-hedged longer, as long as when we feel like that's the right thing to do. So, I wouldn't say we're aggressively going to go to 80% in Q3 today. But when you're staring \$0.19 a gallon, \$0.20 a gallon and then \$0.30 in the East on some of your plants, it's not such a bad place to start.

<Q - Matthew Thomas Farwell>: That's helpful. And you're operating at 92% of capacity. The industry production seems to be only down 5% at best. So you're really taking one for the team here. Do you think any of the other large producers or smaller producers will correspondingly cut back production – perhaps later in the fourth quarter or first quarter of next year?

<A - Todd A. Becker>: Well, we were running at 92% of capacity for the team. But we are now running at 96% and pushing towards 100%. So, it was more from the standpoint of the decision we made. I think you can disseminate from the information in the market that others had cut back as well, what others had kept running right through the low margins waiting to see whether returns are going to be, so it's a combination of a little bit of both.

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Overall, though, I think we're pushing back towards the higher levels, but the market seems to be leveling off here in this [ph] 920 to 930 (49:48) range. And probably we'll see some continued weakness in production as turnarounds continue to happen. We'll see when we come out.

You got to remember, in the fourth quarter, it was cold again, and obviously its winter, so it always gets cold. But in the fourth quarter and then the first quarter, the industry ran full out. Everybody had done their work on the plants, the temperatures were perfect. You could run these plants full-out without the cooling capacity needed. As we get into summer and spring here, then you have to start bringing cooling capacity on which gives you [ph] imitating (50:25) factors on how hard you can run.

So, that will be some of the things that temper overall production rate back down from that 950, 960, 970 on a weekly basis. But overall, we're running back towards capacity.

<Q - **Matthew Thomas Farwell**>: And one other question. You mentioned – your comments about East Coast margins, your plants being strong. However, I'm seeing that the West Coast margins have actually declined somewhat, perhaps due to the resolution of rail bottlenecks. Do you have any comment on why the West Coast margins have been so weak?

<A - **Todd A. Becker**>: Yeah. Basically when you look at the corn bases in the East and the corn bases in the West, you have parity. And so, it could take you 15 over to buy corn in the middle of Iowa, or Nebraska and it would take you 20 over to buy corn in the middle of Indiana. And so, when you look at that, the rate spread is approximately \$0.11, \$0.12 a gallon.

And so, when you get to there, you're looking at \$0.11 to \$0.12 a gallon better margin structure just off of that. And distillers have more value in the East and the Southeast more so than the West. So, it's a combination of all those factors have brought a weaker margin structure in the West and a greater margin structure in the East, now that's been consistent now for at least six months.

And what we were used to is where the West always led the way with the margin structure, though Eastern plants have the portfolio that we have, and I'm talking about Corn Belt, and I'm not talking about the coast, so Eastern Corn Belt, Western Corn Belt. The geographic portfolio that we have, we could benefit now of the East while the West is a bit of a drag, whereas the past comes up.

<Q - **Matthew Thomas Farwell**>: Okay. And any comments on the West Coast margins?

<A - **Todd A. Becker**>: No, I don't have a plant out there, and I really can't comment on that. I know that they've had for a while Los Angeles was a very hot market in Q1 relative to everything else or the LA market or West Coast market. But overall, I don't have a view on margin structures out there.

<Q - **Matthew Thomas Farwell**>: Got it. Well, thanks a lot of for the color.

<A - **Todd A. Becker**>: Thank you.

Operator

We will now go to David Driscoll with Citi.

<Q - **David Christopher Driscoll**>: Great. Thanks for taking the question. Can you just update us on BioProcess Algae? I don't think you mentioned it last call or today's call. Is the silence a negative implication on the performance of that business?

<A - **Todd A. Becker**>: Not at all actually. The site in Shenandoah, we basically increased our ownership there. We have a new management team running the business now. We are focused on streamlining and getting some kind of straight line production in terms of some of the variability that we've seen in the past. The site in Shenandoah performed consistently throughout the winter.

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But that is the most difficult time typically for an autotrophic algae growth initiative. But we've discovered new ways to our ethanol plant and synergies that use the beyond waiting and CO2 to grow algae in winter in our facility. We've got – now we can take where we learned this winter, which we operated literally straight through the winter that which we've never done before without much downtime. We found the robust cultures that we needed within that time period.

And now we're actually incorporating that for use in some trout, fish B trials that we're going to start here shortly and we're collaborating for piglet trials as well as for feed product. We are still seeing strong interest in protein and super-foods with the aspect of algae for direct human consumption. It's one of the fastest growing categories in health food and supplement market. And we're making sure that we can get our strength registered from the Omega 3, DHA and EPA standpoint which is very lacking in vegetarian diet.

So, when we look at it, we've discovered a lot of new opportunities within the platform. We still are making changes to the technology to figure out what we can grow for the cheapest CapEx and the highest yields. We think we have more to come on that, but our silence is not a view point that what we're doing is anywhere near in comparison to our silence.

We're selling over-promise and under deliver, we'd rather under-promise and over-deliver down the road. And we feel like what we're doing right now in that platform is now running and trying to run it, and make it look more like a business than a science project. So I think we're making a lot of progress there but more to come in the next couple of quarters most likely.

<Q - David Cristopher Driscoll>: Is it this year when you will come to the point where you make the significant CapEx decision that I think ultimately has to be made?

<A - Todd A. Becker>: Yeah, it depends. We just want to be able to sell something and make money doing it. And I don't know how significant the CapEx is going to take to do that, there are smaller niche markets that we can go after. What we want to really do is yes, I mean, our goal is to get to a point where we make a decision to say we're going to grow a, we're going to build a commercial farm to grow our algae. And so, we are getting closer to retrofitting our technology so that we can get to a cheaper CapEx at a yield point that makes sense of revenue per acre, much like a farmer and much like any other production plant does.

So, if we weren't feeling like we can at least get to a point to make a decision, we would stop the project now. But we're not stopping the project either from product development and/or technology development or CapEx decisions.

<Q - David Cristopher Driscoll>: Thank you for the insights.

<A - Todd A. Becker>: Thank you.

Operator

And we will take our last question from Majid Khan with Tourbillon Capital.

<Q - Majid Khan>: Hi, guys. Good afternoon.

<A - Todd A. Becker>: Hey.

<Q - Majid Khan>: I had a question also about the hedging in Q3, but I apologize; I'm a little new to the story. So I hope you will bear with me, and I certainly don't want to challenge your business practice of hedging. But I'm a little surprised by some of the conflicting commentary relating to how positive you are on gasoline demand versus where margins can end up versus last year. So if you'll bear with me, I just wanted to go through this. If my understanding is correct, RINs at \$0.70 – are they substantiating broadly the assertion you make in your deck that refiners are cracking to an 84 octane level and making \$0.03 to \$0.04 essentially? Is that what the RINs are telling us?

<A - Todd A. Becker>: No, I don't think so. I think that is a structural change that we felt was across the U.S. where they were producing 84 base stocks. If you look at the Magellan System, their base fuel that they shipped is 84 Octane, correct Steve?

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<A - Carl Steve Bleyl>: Correct.

<A - Todd A. Becker>: And so when you look at that, obviously you can't leave their fuel terminal systems without blending ethanol for the most part, or you blend high octane normal gasoline premium gasoline. And so, the RINs have a world of their own, it's a small market [ph] client (57:52) demand and when you import gasoline, often times you have to buy a rent.

And so that's often the market defining. But if you're a blender, you don't – and here typically everybody right now because the economics of blending to their required level, and so we have to wait for the RFS to figure out what those required levels are, but we know 2014 will be a push down the road.

So, when you look at that, I'm not sure, I think the one thing you're missing so, when you say we have record gas demand, our very good gas demand is the fact that we are producing this year at a 920 to 960 run rate and last year overall we didn't produce at that run rate. So, our daily available ethanol is higher with a higher gas demand. So, there is some equilibrium here. And when you look at everything we produced against an 800 million gallon export program, and the stocks number, we will see a draw in stock but we don't believe we'll see a draw in stocks to the point that we saw last year.

So we think stocks can still make it run towards below 18, but we don't think that stock will make it run to below around the 2015 range, like they did last year when margins hit the highs. So it's a combination of all of those things that defines the strategy, it's not just a combination that could say that you have best gas demand that we've seen in years, because you also have the most ethanol production we've ever seen. And you also have an equilibrium point where ethanol seems to have enough ethanol for the demand. So it's a combination of all those things.

<Q - Majid Khan>: Got it. I get it. And certainly, with refiners making \$0.04 and ethanol trading \$0.30 to \$0.40 below gasoline, that's a \$0.70 to \$0.80 spread that certainly implies that the market isn't very tight. But when the RFS was introduced in 2005/2006, miles driven were about 3 trillion. And it's taken us all this time to get back to 3 trillion miles, just at the end of last year. So it feels like finally we are back to what the planned production capacity for the country should have been. So where do you think gasoline demand has to be for ethanol to actually be tight, and for you guys to capture some of the \$0.70 to \$0.80 margin that's maybe on the table?

<A - Todd A. Becker>: Well, when you look at where we're heading right now, I mean, when we looked at the 2015 initial RFS program we would have expected that, the whole program was based on 150 billion gallons of gasoline demand and driving miles going up.

<Q - Majid Khan>: Right.

<A - Todd A. Becker>: And also, I think they have planned for the electrification of the fleet and/or alternative that were in place that are happening today as well as these Cap-A. And in terms of miles driven for getting more miles, your gas tank is a big factor, right. So, all of that way is down on overall gas demand, obviously we're seeing the impact of low gas prices and people wanting to drive more because when you have \$10 and you fill up \$2 a gallon is a lot different than when you've filled up at \$4 a gallon and go a lot further and feel better about it, feel better about that.

So, I can't comment on the 3 trillion miles, those are roughly big numbers for us. But I can comment on the fact that there are other factors that have made a determination of where gasoline demand is going in hand, probably where it's going to max out here. And a lot of that has to do with Cap-A and electrification and other alternative things that are happening in the market, so – but overall, as we like it when we're pushing 138, 139, because the industry with exports is definitely equilibrium terms in favor.

If we can see over the next five years and expanded use of B15 broadly and nationally, that's really what can make the spread up and can tighten things up much more than, say, gas running up another 142 or something like that or gasoline demand running to 142 that will only add 200 million gallons to the demand base. We really need 1 billion gallon driver, and the only 1 billion gallon driver that we can see coming is, potentially 2015 national expansion which we are working on very hard.

Company Name: Green Plains Inc
Company Ticker: GPRE US
Date: 2015-04-29
Event Description: Q1 2015 Earnings Call

Market Cap: 1,180.05
Current PX: 31.10
YTD Change(\$): +6.32
YTD Change(%): +25.504

Bloomberg Estimates - EPS
Current Quarter: 0.400
Current Year: 1.669
Bloomberg Estimates - Sales
Current Quarter: 732.000
Current Year: 2897.875

<Q - **Majid Khan**>: Got it. So you don't think that 200 million gallons with the industry running at 94% really moves the needle?

<A - **Todd A. Becker**>: Every 100 million gallon moves the needle. So that's how sensitive we are, right, because when you look at the supply of 21 million barrels or 880 million gallons of stock, if you take that down, 100 million gallons or 200 million gallons then your stock number now goes to 600 million gallons or 15 million barrels or 16 million barrels, then you've got some real opportunity, right. Every 200 million gallons will make a significant difference at this point. We're going to have to keep up with some of the expansions but I think overall we could do that.

<Q - **Majid Khan**>: All right. Fair enough. Thank you very much for the comment. I appreciate that.

Todd A. Becker

Thank you very much. And thanks everybody for coming on the call today. We appreciate it. Obviously we're more optimistic about the rest of the year than our results in Q1, but I think we've shown that the resiliency of our platform and the ability to withstand a cyclical downturn once again has been proven out and we emerge as a company just as strong as when we started the quarter. So we appreciate you call and we appreciate your support, and we'll talk to you next quarter. Thanks.

Operator

Ladies and gentlemen, this does conclude today's conference. We thank you for your participation.

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