June 23, 2020

Renewable Energy Group Revises Outlook for Second Quarter 2020

AMES, Iowa--(BUSINESS WIRE)-- Renewable Energy Group, Inc. ("REG" or the "Company") (NASDAQ: REGI), North America's largest biodiesel producer, today announced that the Company's second quarter 2020 Adjusted EBITDA is expected to be between negative $12 million and negative $2 million. Previously, on April 30, REG estimated a range of $20 million to $35 million. The Company's Adjusted EBITDA for the first half of 2020 is expected to be between $78 million and $88 million.

Several factors contribute to the Company's revised outlook. The guidance model used in connection with the previous estimate contained inadvertent calculation errors, which on their own would have resulted in a significant reduction in the Company's previous Adjusted EBITDA estimate.

Additionally, markets have been volatile during the second quarter, with industry margins first dropping and then showing signs of recovery. (Click on the link to Exhibit I here). As of April 30, 2020, the Company had incurred risk management gains. Now, quarter-to-date, the Company has incurred a risk management loss. The margin impact and risk management loss are expected to be more than offset by production and sales volume performance, both of which are exceeding the Company's previous expectations.

(See the appendix to this release for further details of the elements to the Company's corrected and updated second quarter 2020 guidance.)

"We are of course disappointed with our expected Q2 results," said REG President and CEO, Cynthia (CJ) Warner. "Despite all the challenges presented by the market environment, including an industry margin collapse in the quarter, we believe our underlying fundamentals are strong and margins are beginning to improve, and we remain confident in our strategy and ongoing opportunities to create shareholder value."

The Company will provide further details regarding its performance and results for the second quarter of 2020 in its upcoming earnings call in August 2020.

Note Regarding Forward-Looking Statements

This press release contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, as amended, including the Company's revised outlook for the second quarter and first half of 2020, including Adjusted EBITDA, margins, risk management, production and sales volume, and gallons sold, and the Company's fundamentals, strategy and opportunities to create shareholder value. These forward-looking statements are based on current expectations, estimates, assumptions and

projections that are subject to change, and actual results may differ materially from the forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, the impact of COVID-19 on the Company's business and operations; the Company's financial performance, including revenues, cost of revenues and operating expenses; changes in governmental programs and policies requiring or encouraging the use of biofuels, including RFS2 in the United States, renewable fuel policies in Canada and Europe, and state level programs such as California's Low Carbon Fuel Standard; availability of federal and state governmental tax incentives and incentives for biomass-based diesel production; changes in the spread between biomass-based diesel prices and feedstock costs; the availability, future price, and volatility of feedstocks; the availability, future price and volatility of petroleum and products derived from petroleum; risks associated with fire, explosions, leaks and other natural disasters at the Company's facilities; any disruption of operations at the Company's Geismar renewable diesel refinery (which would have a disproportionately adverse effect on the Company's profitability); the unexpected closure of any of the Company's facilities; the effect of excess capacity in the biomass-based diesel industry and announced large plant expansions and potential co-processing of renewable diesel by petroleum refiners; unanticipated changes in the biomass-based diesel market from which the Company generates almost all of its revenues; seasonal fluctuations in the Company's operating results; potential failure to comply with government regulations; competition in the markets in which the Company operates; the Company's 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; the Company's ability to successfully implement its acquisition strategy; the Company's ability to retain and recruit key personnel; the Company's indebtedness and its compliance, or failure to comply, with restrictive and financial covenants in its various debt agreements; risk management transaction, and other risks and uncertainties described in the Company's annual report on Form 10-K for the year ended December 31, 2019 and subsequently filed 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 the Company's expectations.

Reconciliation of Non - GAAP Measures

The Company uses earnings before interest, taxes, depreciation and amortization, adjusted for certain additional items identified in the table below, or Adjusted EBITDA, as a supplemental performance measure. Adjusted EBITDA is presented in order to assist investors in analyzing performance across reporting periods on a consistent basis by excluding items that are not believed to be indicative of core operating performance. Adjusted EBITDA is used by the Company to evaluate, assess and benchmark financial performance on a consistent and a comparable basis and as a factor in determining incentive compensation for company executives.

The following table sets forth expected Adjusted EBITDA for the periods presented, as well as a reconciliation to expected net income (loss) determined in accordance with GAAP:

Adjusted EBITDA	(in millions) Three months ended 6/30/2020 Range Low	High	(in millions) Six months ended 6/30/2020 Range Low	High
Net Income (Loss)	(17.1)	(6.9)	59.4	69.6
Depreciation and amortization	9.5	9.5	18.8	18.8
Stock based compensation	1.8	1.8	3.2	3.2
Interest Expense	1.4	1.4	3.9	3.9
Other	(7.6)	(7.8)	(7.3)	(7.5)
Adjusted EBITDA	(12.0)	(2.0)	78.0	88.0

About Renewable Energy Group

Renewable Energy Group, Inc. (Nasdaq: REGI) is leading the energy industry's transition to sustainability by transforming renewable resources into high-quality, cleaner fuels. REG is an international producer of cleaner fuels and North America's largest producer of biodiesel. REG solutions are alternatives for petroleum diesel and produce significantly lower carbon emissions. REG utilizes an integrated procurement, distribution and logistics network to operate 13 biorefineries in the U.S. and Europe. In 2019, REG produced 495 million gallons of cleaner fuel delivering over 4.2 million metric tons of carbon reduction. REG is meeting the growing global demand for lower-carbon fuels and leading the way to a more sustainable future.

APPENDIX TO SECOND QUARTER 2020 REVISED OUTLOOK RELEASE

1. The guidance model consulted when preparing the Company's April 30 estimate had forecast the Biodiesel Mixture Excise Tax Credit ("BTC")—which was reinstated late in December 2019 after having lapsed for 2018 and 2019—using formulas that overestimated REG's BTC revenue. The guidance model also overstated biodiesel gross margins owing to a manual data entry error resulting from the use of different software tools to accommodate the work-from-home environment during the COVID-19 pandemic. Although the model is not the only input used to estimate the Company's projected Adjusted EBITDA, these errors in the aggregate resulted in the Adjusted EBITDA model output being overstated by approximately $43 million.
2. The heating oil-to-soybean oil spread, or HOBO, dropped to lows in April and May but is showing signs of recovery in June. (Click on the link to Exhibit I here)
3. Gallons sold in April and May exceeded the original guidance by 7.2 million. The Company expects gallons sold in the second quarter to modestly exceed the previously stated forecast of 155 to 175 million gallons.
4. The original guidance included $8 million of risk management gains at that time. The Company has since estimated risk management losses of $8 million quarter-to-date through June 22, 2020.
5. Shipment timing and changes in risk management from movement in ULSD and feedstock prices, among other factors, could further affect Adjusted EBITDA between now and the end of the quarter.

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Source: Renewable Energy Group, Inc.