



# Q3 2014 Earnings Conference Call

## November 4, 2014



# Speakers

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



**Chad Stone**  
Chief Financial Officer



**Todd Robinson**  
Director, Investor Relations



# 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 the Company's outlook in the fourth quarter of 2014 for gallons sold and Adjusted EBITDA, which is a non-GAAP financial measure. A reconciliation of Adjusted EBITDA to net income, the most comparable GAAP measure, is provided in the Appendix to this presentation. 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, potential changes in governmental programs and policies requiring or encouraging the use of biofuels, including RFS2; changes in the spread between biodiesel prices and feedstock costs; the future price and volatility of feedstocks; the future price and volatility of petroleum and products derived from petroleum; availability of federal and state governmental tax credits and incentives for biodiesel production; the effect of excess capacity in the biodiesel industry; unanticipated changes in the biodiesel 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 biodiesel production or the development of energy alternatives to biodiesel; our ability to successfully implement our acquisition strategy; our ability to use the technology acquired from LS9 to produce renewable chemicals, fuels and other products on a commercial scale and at a competitive cost, and customer acceptance of the products produced; our ability to successfully integrate the assets and employees recently acquired from Syntroleum Corporation and Dynamic Fuels into our existing business; whether we will be able to overcome past operational difficulties and produce renewable diesel profitably at the recently acquired Dynamic Fuels facility; and other risks and uncertainties described from time to time in REG's annual report on Form 10-K, quarterly reports on Forms 10-Q and other periodic filings with the Securities and Exchange Commission. The forward-looking statements are made as of the date of this presentation and REG does not undertake to update any forward-looking statements based on new developments or changes in our expectations.



# REG Geismar, LLC

- First truckloads of REG-9000™/RHD left the plant October 23<sup>rd</sup>
- Advanced biofuel meets or exceeds ASTM D975 specifications.





# REG Mason City, LLC

- \$20 million in upgrades completed
- Enables Mason City biorefinery to utilize multiple raw materials





# REG Newton, LLC

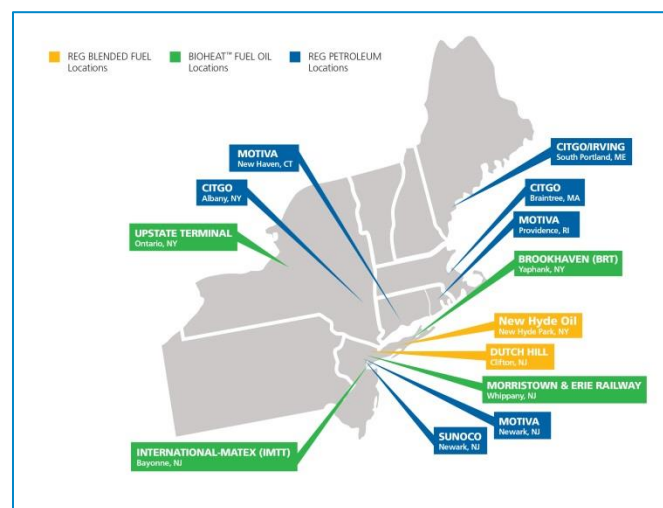
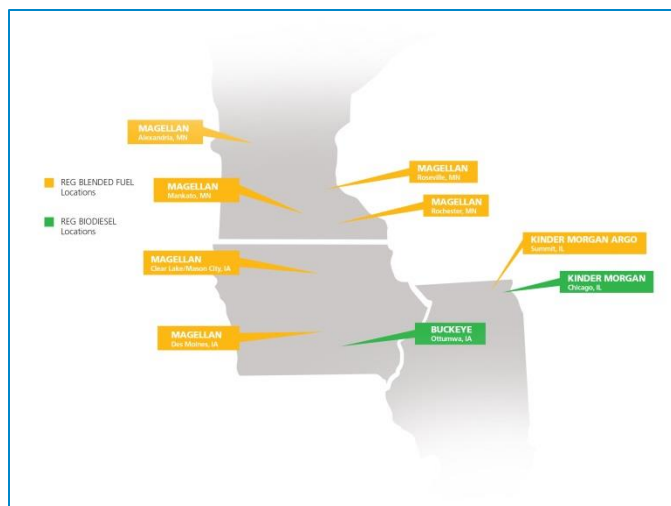
- \$13.2 million improvement project on schedule
- To be completed fourth quarter 2014





# REG Energy Services, LLC

- REG Energy Services offers additional biofuel blends in New York, Minnesota and Iowa
- Established to sell heating oil, ultra-low sulfur diesel, as well as BioHeat<sup>®</sup> blended heating oil





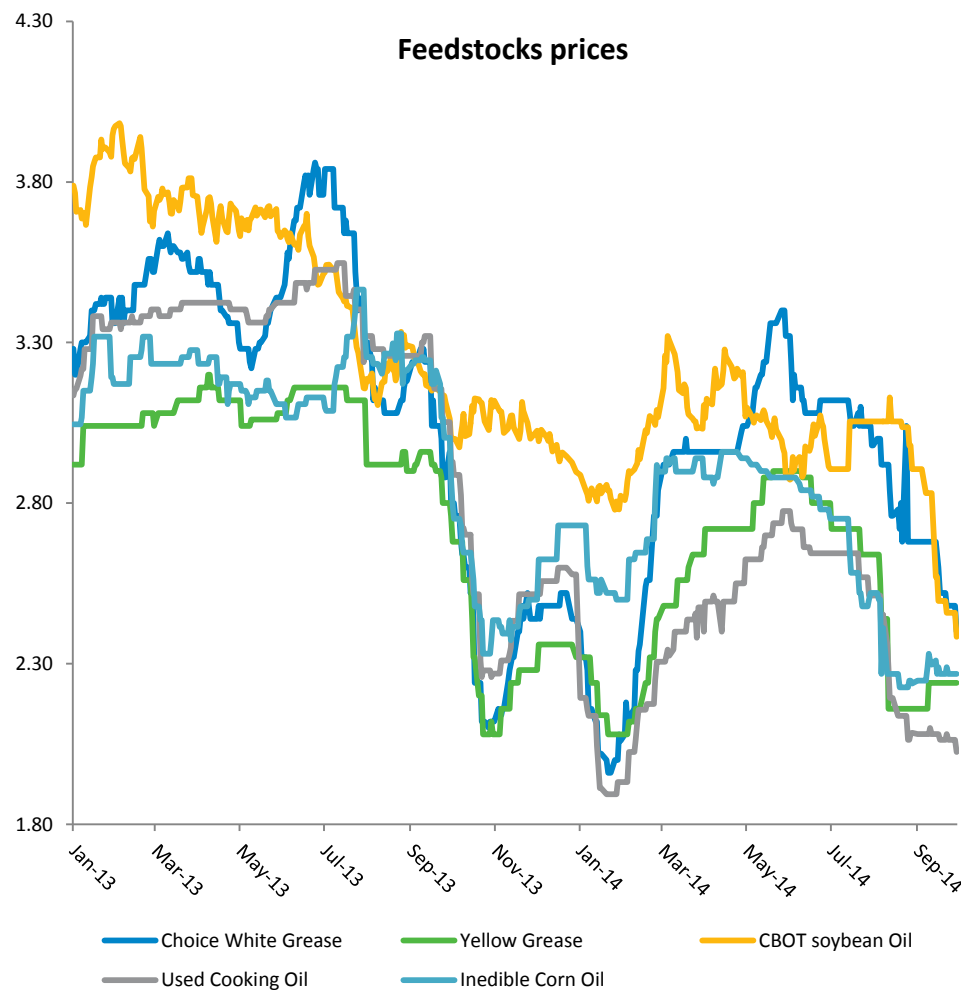
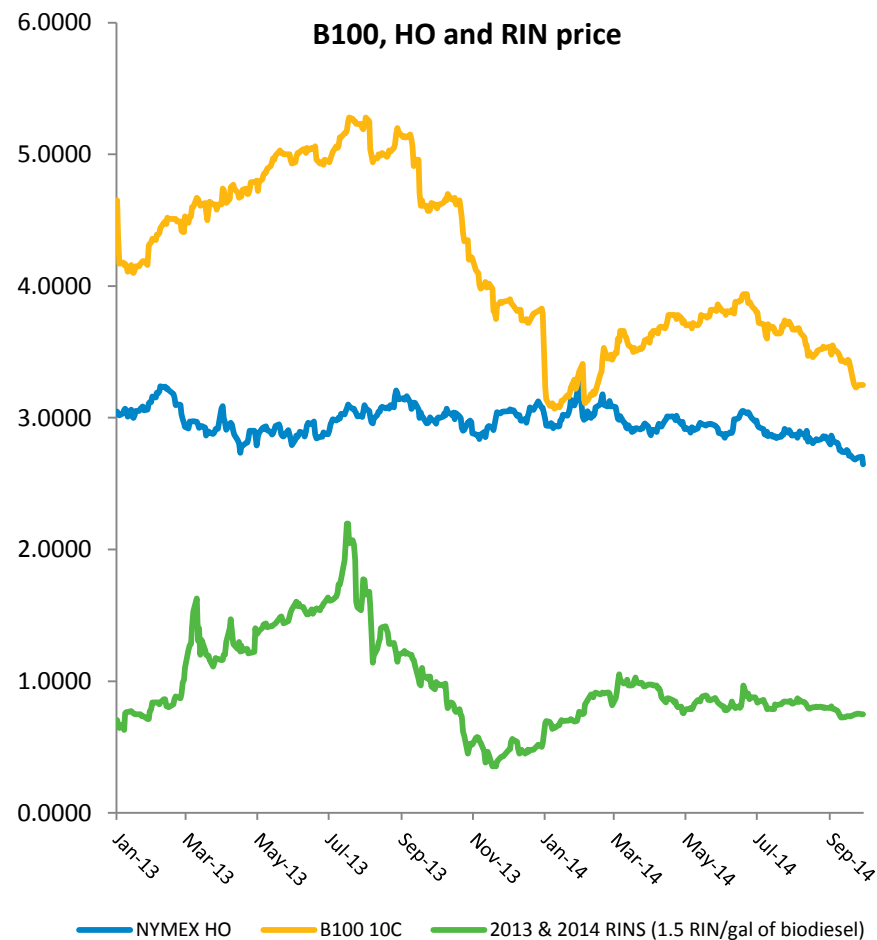
# Q3 Financial Highlight

(in millions except for ASP)	Q3 2014	Y/Y Change
Gallons Sold	88.8	14%
ASP	\$3.54	-29%
Revenues	\$384.3	-16%
Gross Profit	\$22.7	-61%
SG&A	\$16.7	32%
Adj EBITDA <sup>1</sup>	\$10.9	-78%

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

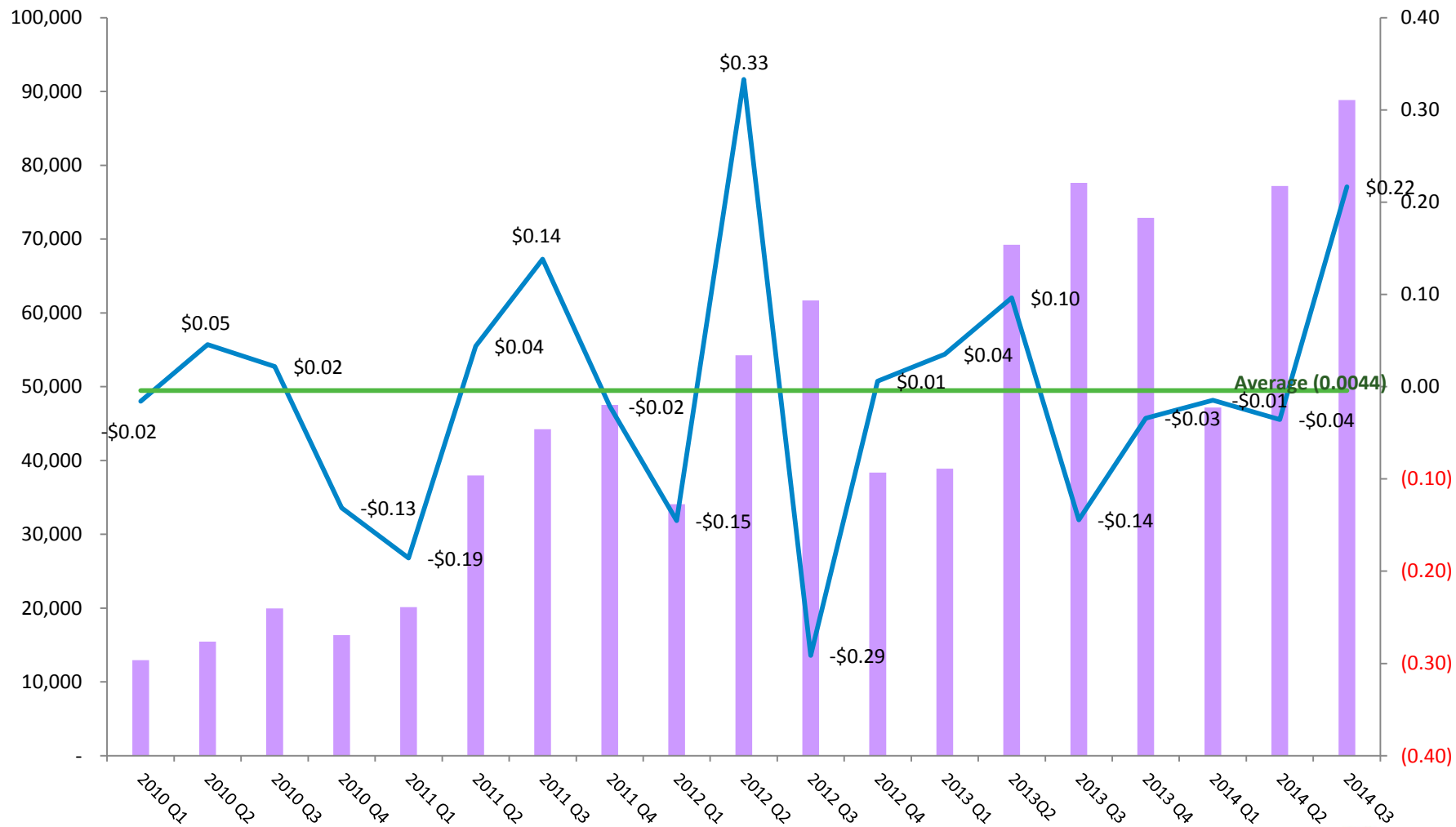


# Market Prices





# Risk Management G/(L) Chart





# Balance Sheet Strength

(in millions)	September 30, 2014	June 30, 2014	March 31, 2014	December 31, 2013
Cash and marketable securities	\$128.6	\$125.9	\$136.1	\$153.2
Receivables	\$35.4	\$48.4	\$31.0	\$82.9
Inventory	\$49.4	\$70.2	\$94.1	\$85.8
Restricted cash <sup>1</sup>	\$104.8	\$101.3	-	-
Total Assets	\$1,055.7	\$1,069.1	\$755.4	\$740.9
Term Debt <sup>1</sup>	\$247.6	\$249.5	\$ 33.2	\$34.2
Total Liabilities	\$376.6	\$395.4	\$135.3	\$142.8

(1) At quarter end term debt included \$100 million Gulf Opportunity Zone bonds. Term debt net of restricted cash was \$146.3 million. On July 8, 2014, a letter of credit was secured for the bonds, and a certificate of deposit for \$101.3 million obtained to support the letter of credit.



# Liquidity and Capital Structure

(in millions except for Book value per share)	September 30, 2014	June 30, 2014	March 31, 2014	December 31, 2013
Term Debt <sup>1</sup>	\$247.6	\$249.5	\$33.2	\$34.2
Term Debt <sup>1</sup> /Total Capitalization	27%	27%	5.1%	5.4%
Net Book Value	\$679.1	\$673.7	\$620.1	\$594.1
Book value per share	\$16.05 <sup>2</sup>	\$15.92	\$15.99	\$16.27

(1) At quarter end term debt included \$100 million Gulf Opportunity Zone bonds. Term debt net of restricted cash was \$146.3 million. On July 8, 2014, a letter of credit was secured for the bonds, and a certificate of deposit for \$101.3 million obtained to support the letter of credit.

(2) Based on 42,306,595 common shares



# Outlook

## Assumptions:

- Estimate based on the forward curve between feedstocks and biodiesel prices
- BTC will not be reinstated in 2014
- Business model now includes investment in renewable hydrocarbon diesel, energy services and renewable chemicals

(in millions)	Q4 2014
Gallons sold	60 – 70
Total Adjusted EBITDA	\$0 - \$(20)





# Appendix

## Adjusted EBITDA Reconciliation



# Adjusted EBITDA Reconciliation

(in millions)	<u>1Q'13</u>	<u>2Q'13</u>	<u>3Q'13</u>	<u>4Q'13</u>	<u>2013</u>	<u>1Q'14</u>	<u>2Q'14</u>	<u>3Q'14</u>
Net Income (Loss)	46.40	23.13	86.70	30.13	186.36	(2.36)	11.01	4.57
Income Tax (Benefit) Expense	30.18	15.31	(42.05)	1.48	4.94	(0.11)	(11.92)	(0.25)
Interest Expense	0.57	0.60	0.58	0.64	2.39	0.55	1.20	2.87
Other (income) expense, net	(0.11)	(0.10)	(0.07)	(0.11)	(0.38)	(0.05)	(0.38)	(0.12)
Change in fair value of contingent liability	-	-	-	-	-	-	(0.38)	(1.06)
Straight-line lease expense	(0.16)	(0.16)	(0.16)	(0.16)	(0.65)	(0.16)	(0.15)	(0.14)
Depreciation	2.08	2.30	2.60	2.73	9.70	3.00	3.19	3.33
Amortization	(0.20)	(0.19)	(0.18)	(0.18)	(0.75)	(0.18)	(0.18)	0.30
Lease cancellation	-	-	-	-	-	-	1.90	-
Non-recurring business interruption <sup>(1)</sup>	(0.86)	-	-	-	(0.86)	-	-	-
Non-cash Stock Compensation	1.36	1.03	1.48	1.54	5.42	1.24	1.41	1.39
Adjusted EBITDA before 2012 BTC	79.26	41.92	48.90	36.07	206.17	1.93	5.70	10.89
2012 Retroactive BTC <sup>(2)</sup>	(57.37)	(0.37)	-	-	(57.75)	-	-	-
Adjusted EBITDA	<b>21.89</b>	<b>41.55</b>	<b>48.90</b>	<b>36.07</b>	<b>148.42</b>	<b>1.93</b>	<b>5.70</b>	<b>10.89</b>

(1) We incurred a business interruption charge at one of our production facilities in November 2012; we reflected the gain contingency in our operating performance of 2012 having received the corresponding insurance proceeds in February 2013, thus excluding it from first quarter 2013 adjusted EBITDA.

(2) On January 2, 2013, the American Taxpayer Relief Act of 2012 was signed into law, which reinstated a set of tax extender items including the reinstatement of the federal biodiesel blenders tax credit for 2013 and retroactively reinstated the credit for 2012. The retroactive credit for 2012 resulted in a net benefit to us that was recognized in first quarter 2013, but because this credit relates to the operating performance and results of 2012 it is excluded from 2013 adjusted EBITDA and allocated to the 2012 periods based upon gallons sold.