



# Q4 and Full Year 2018 Earnings Conference Call March 5, 2019

# Speakers

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**Cynthia (CJ) Warner**  
President & Chief  
Executive Officer



**Randy Howard**  
Vice Chairman of the  
Board



**Chad Stone**  
Chief Financial Officer



**Todd Robinson**  
Treasurer

# Safe Harbor Statement

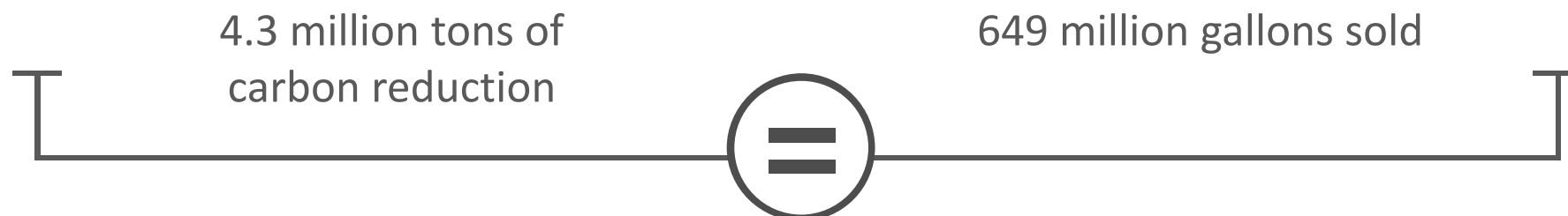
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This presentation contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 as amended, including statements regarding the possible retroactive reinstatement of the BTC for 2018, the estimated net benefits to net income and Adjusted EBITDA if the BTC is retroactively reinstated for 2018, our outlook for Q1 2019 and 2019, and the possible sale of our Life Sciences business. 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 and adverse changes in governmental programs and policies requiring or encouraging the use of biofuels, including RFS2 on the federal level, and on the 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 future price and volatility of feedstocks; the future price and volatility of petroleum and products derived from petroleum; risks associated with fire, explosions, leaks and other natural disasters at our facilities; that any disruption of operations at our Geismar renewable diesel refinery would have a disproportionately adverse effect on our profitability; 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 we generate almost all of our revenues; seasonal fluctuations in our operating results; potential failure to comply with governmental regulations; 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; and other risks and uncertainties described from time to time in REG's quarterly report on Form 10-Q for the period ended September 30, 2018 and other periodic filings with the Securities and Exchange Commission.

All 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.

# Outstanding REG 2018 Performance

\$2.4 billion in revenue



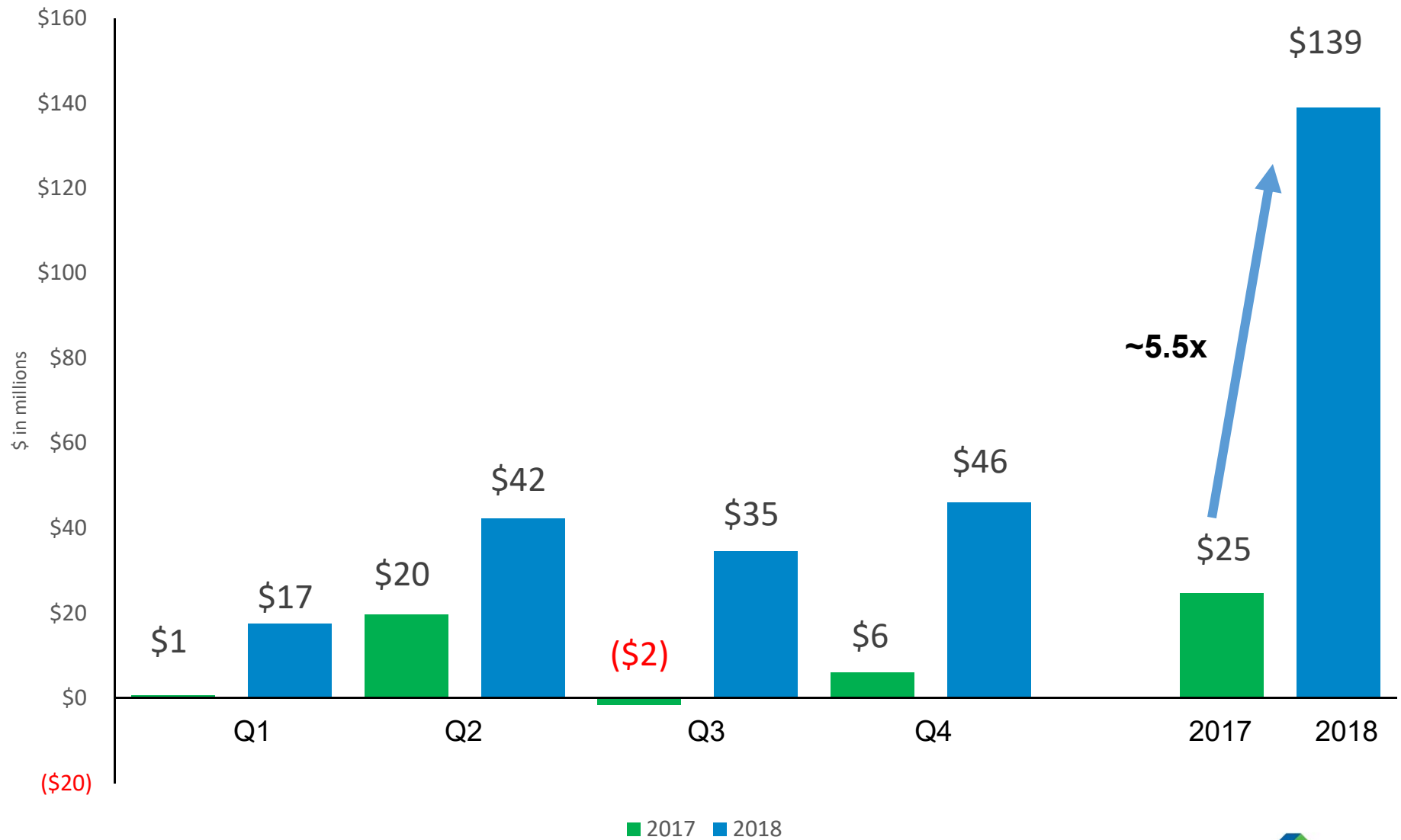
*\$139 million of Adjusted EBITDA<sup>1</sup>*

Approximately \$237 million estimated net benefit to net income and Adjusted EBITDA for business conducted in 2018 if the BTC is retroactively reinstated for 2018 on same terms as prior years.

**Approximately \$376 million estimated Adjusted EBITDA<sup>1</sup> for 2018 if the BTC is retroactively reinstated for 2018 on the same terms**

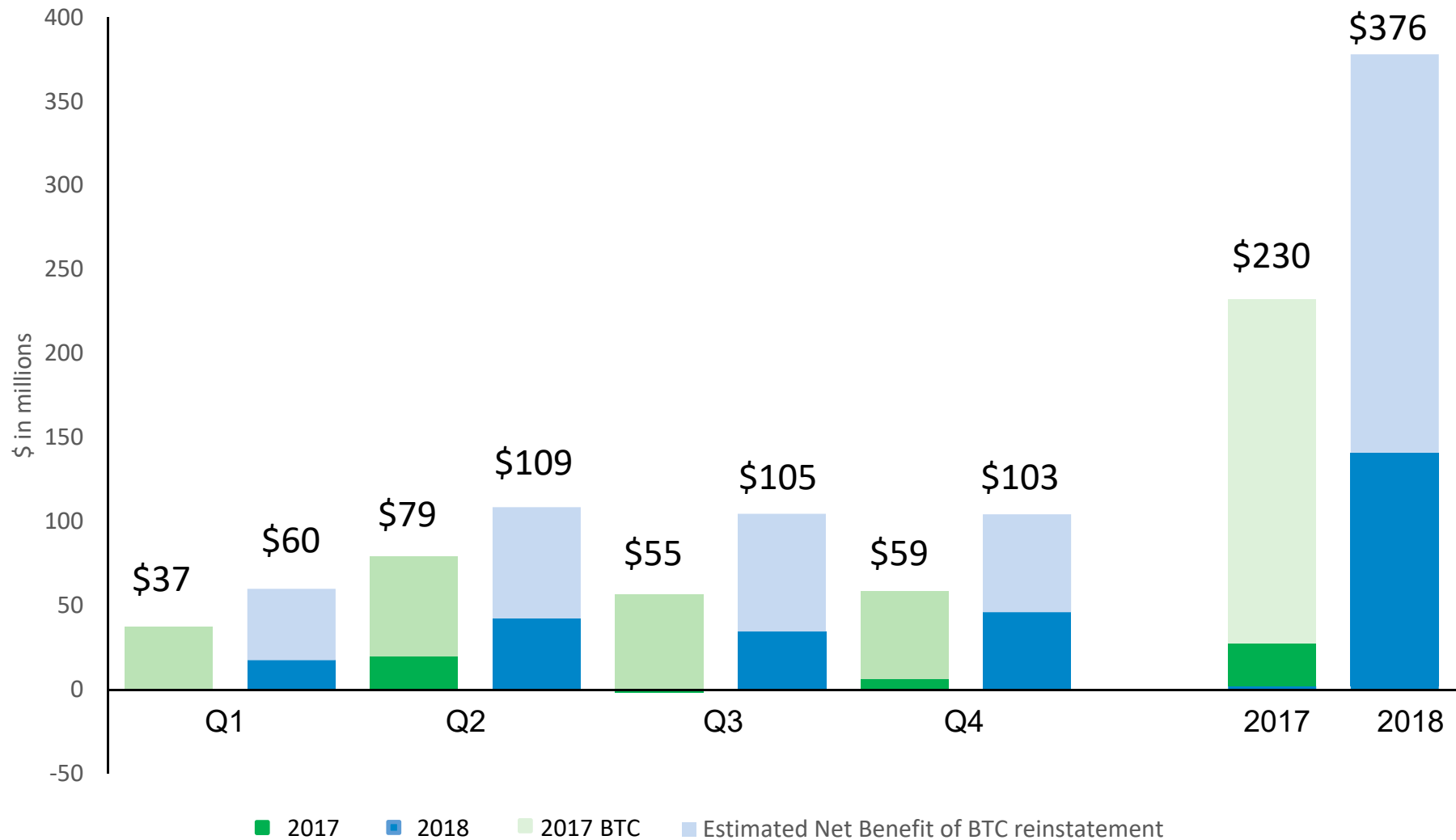
(1) Adjusted EBITDA is a non-GAAP measure. See Appendix for a definition of Adjusted EBITDA and reconciliation to Net Income in accordance with GAAP

# REG Adjusted EBITDA<sup>1</sup> (without BTC)



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

# REG Adjusted EBITDA<sup>1</sup> with BTC



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

# 2018 Achievements

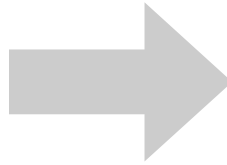
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# 2018 Achievements

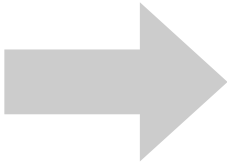
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## Production



- 502 MM gallons produced
- 11% increase Y/Y
- 96% plant utilization

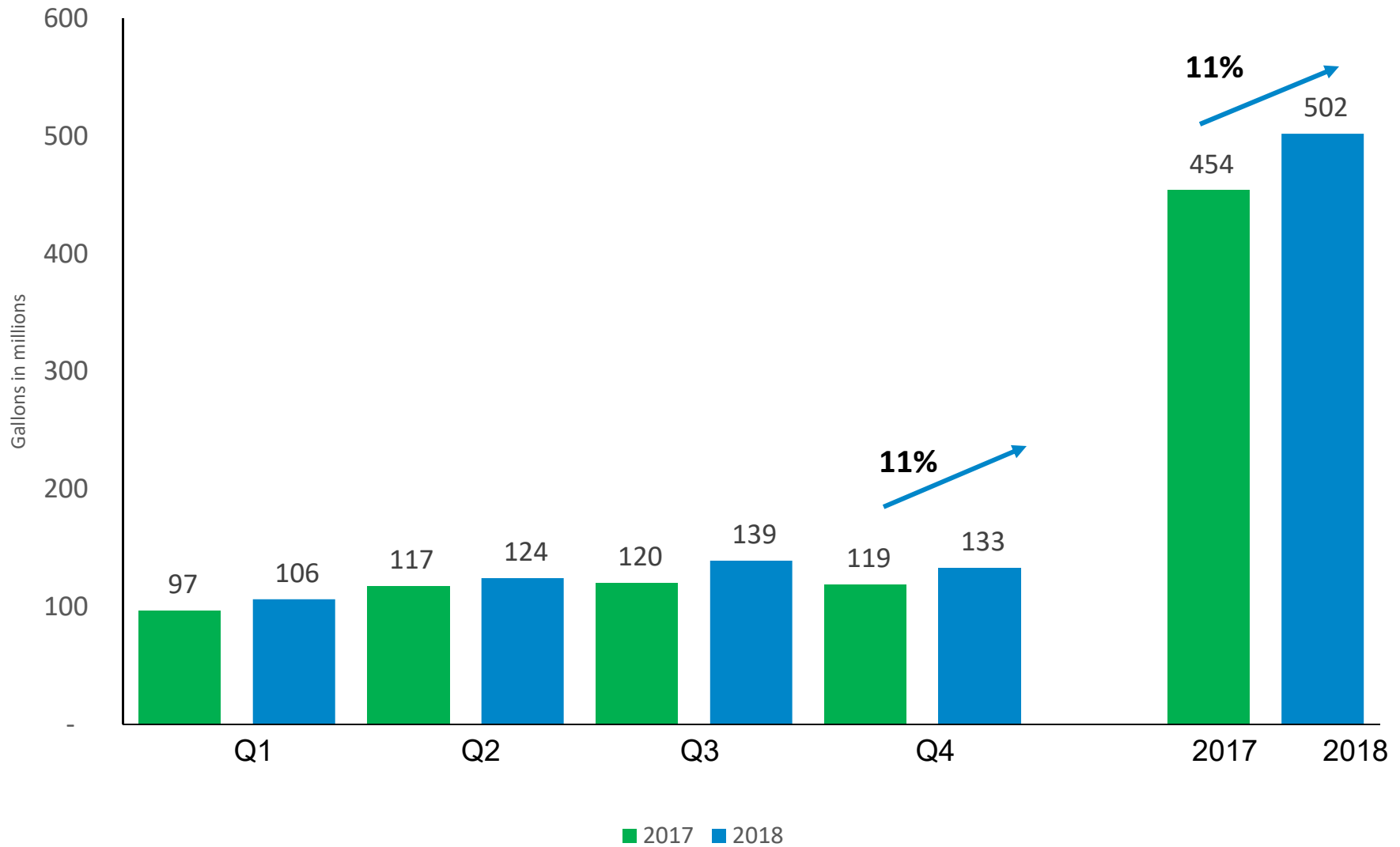
## Sales and Marketing



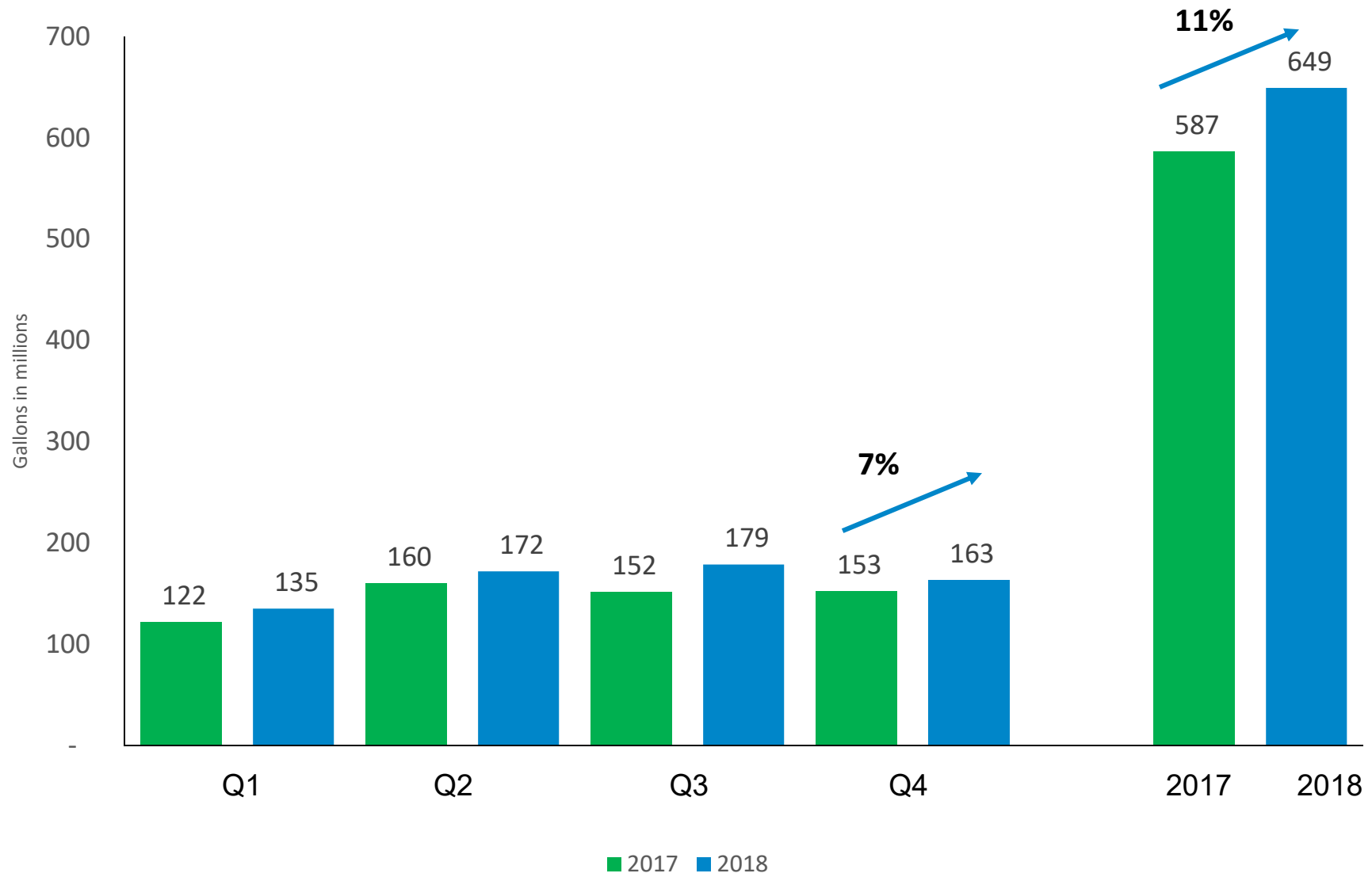
- 649 MM gallons sold
- 11% increase Y/Y
- 7 new terminals
- 20 new end user customers



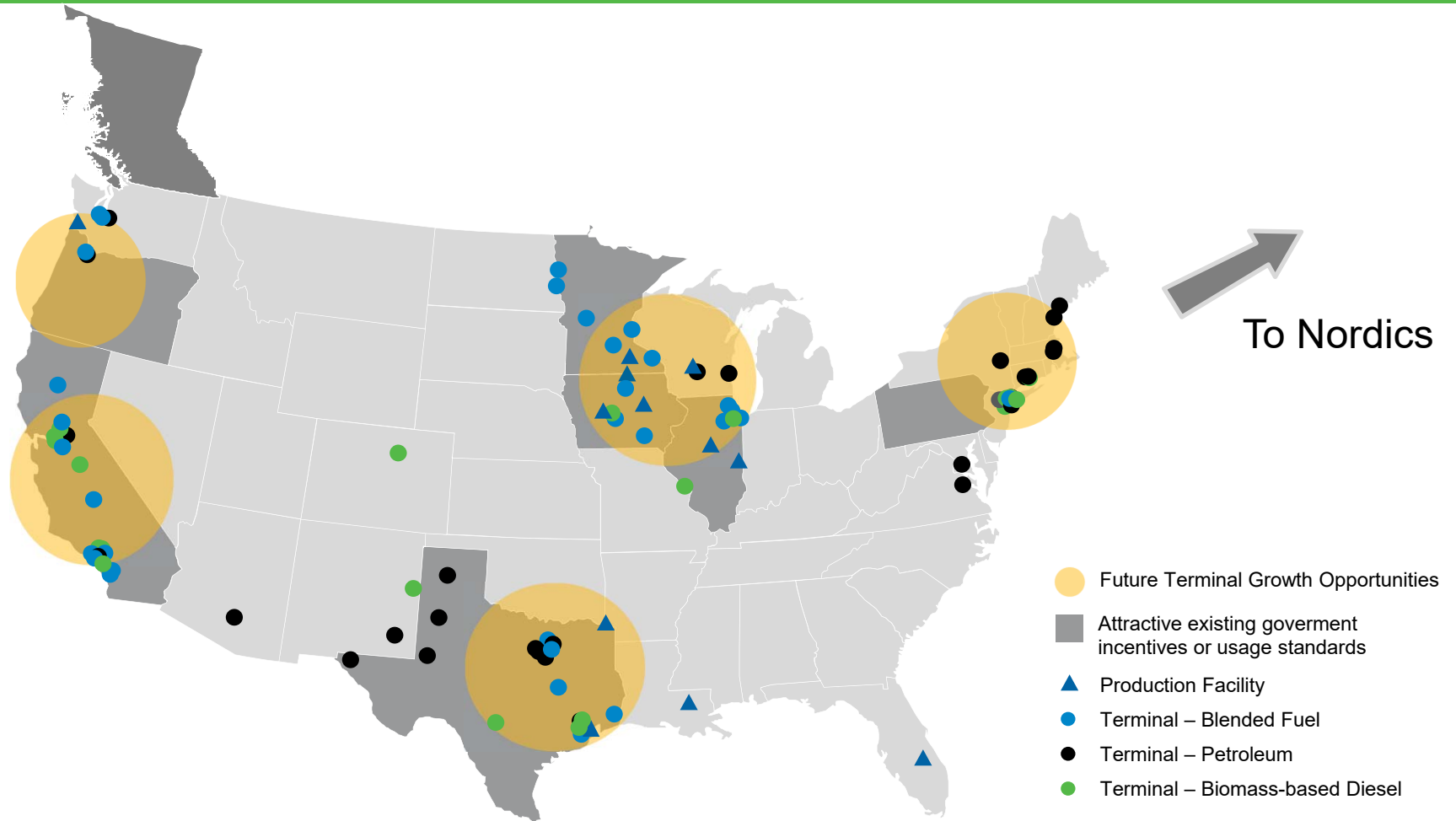
# REG Gallons Produced



# REG Gallons Sold



# Terminal Expansion to Meet Customer Demand

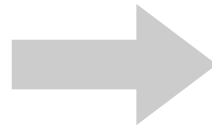


Biomass-based Diesel and Blended Fuel Distribution Servicing Customers in Key Incentivized Markets

# Downstream Strategy Development

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Terminal Expansion



- 7 new terminal agreements completed in 2018
- 3 agreements completed in Q1 2019
- 8-10 expected to be completed in 2019

Direct-to-End-User Sales



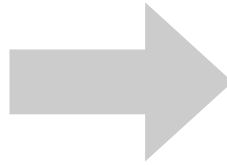
- Doubled end-user customers in 2018
- Large year on year growth from 2017 fleet customer

Future terminal growth based on REG assessment of locations providing optimal profit and throughput

# 2018 Achievements

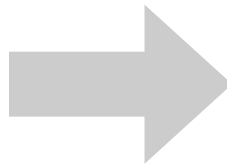
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## Environmental Contribution



- 4.3 million tons of carbon reduction

## Capital Allocation



- Greater than \$140 million to repurchase stock and convertible bonds
- \$52 million on capital investment

# REG Driven Carbon Savings

BIOMASS-BASED DIESEL PRODUCED

*502 million gallons*

LOWER CARBON INTENSITY FUEL

*4.3 million metric tons of  
carbon reduction*



*10.5 billion miles driven  
by an average  
passenger vehicle*

OR

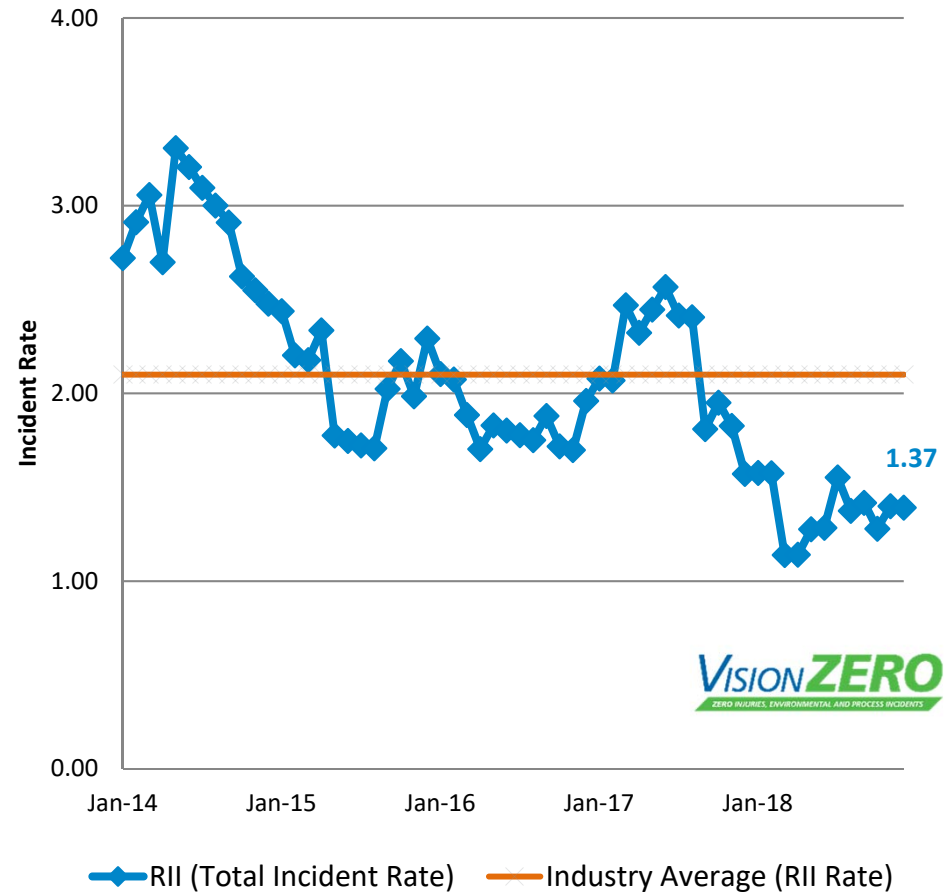


*10 million barrels of oil*

# People

- Experienced
- Innovative
- Problem solvers
- Passionate

## Safety



Source: Industry average - NAICS 325 Chemical Manufacturing average (2.1)

# Current RVO<sup>1</sup> in U.S. Market<sup>2</sup>

	2016	2017	2018	2019	2020
Advanced biofuel (Bn gal)	3.61	4.28	4.29	<b>4.92</b>	n/a
Biomass-based diesel (Bn gal)	1.90	2.00	2.10	<b>2.10</b>	<b>2.43</b>
Cellulosic biofuel (MM gal)	230	311	288	<b>381</b>	n/a
Total renewable fuels (Bn gal)	18.11	19.28	19.29	<b>19.92</b>	n/a

- 2019 Advanced biofuel RVO increased 630 MM gal or 14.7% over 2018
- 2020 Biomass-based diesel RVO increased 330 MM gal or 15.7% over 2019

**Demand increases supported by increasing RVO**

Notes:

1. RVO – Renewable Volume Obligation
2. All volumes are ethanol-equivalent, except for biomass-based diesel which is actual

Source: EPA 11/30/18 – 2019 RVOs are finalized on 11/30/2018 for all categories except biomass-based diesel which are finalized for 2020



# Fourth Quarter Financial Highlights

(in millions)	Q4 2018	Q4 2017	Y/Y Change
Gallons Sold	163.2	152.8	7%
Revenue	\$519.8	\$576.0	(10)%
Net income (loss) from continuing operations attributable to common stockholders	\$30.4	\$(13.9)	NM
Adjusted EBITDA <sup>1</sup> excluding 2017 BTC allocation	\$44.5	\$6.5	583%
Adjusted EBITDA <sup>1</sup> including 2017 BTC allocation	\$44.5	\$58.9 <sup>2</sup>	(24)%
Adjusted EBITDA <sup>1</sup> assuming BTC retroactively reinstated for 2018	\$102.8	\$58.9 <sup>2</sup>	75%

(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 February 9, 2018, the BTC was reinstated for the 2017 calendar year. The retroactive credit for 2017 resulted in a net benefit to us that will be recognized in our GAAP financial statements for the quarter ending March 31, 2018. However, because this credit relates to 2017 operating performance, our presentation of Adjusted net income and Adjusted EBITDA reflects the allocation of the net benefit of the reinstatement to each of the four quarters of 2017 based upon gallons sold in the quarter.

# Full Year Highlights

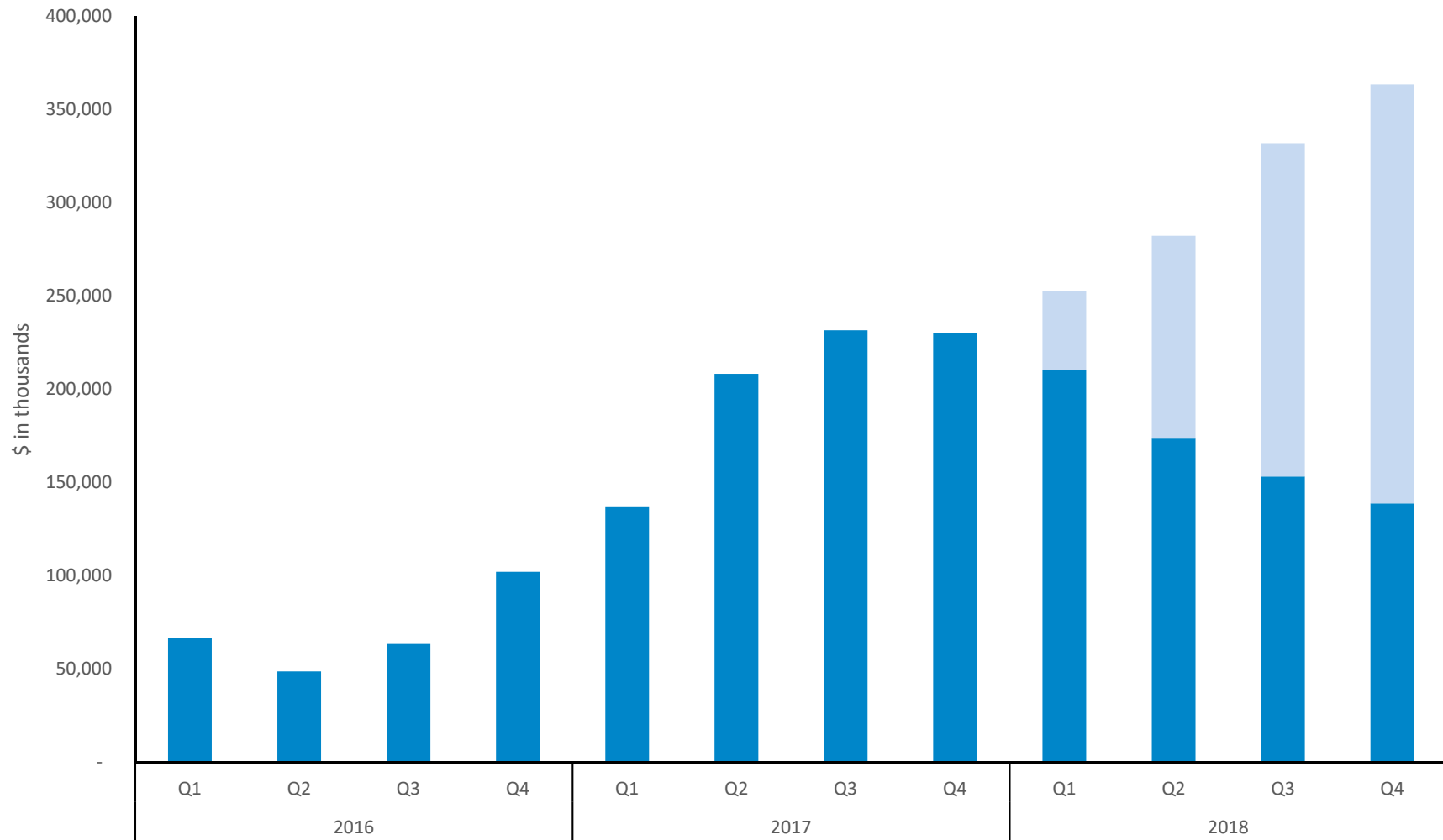
(in millions except for ASP)	2018	2017	Y/Y Change
Gallons Sold	649.2	586.7	11%
ASP	\$3.03	\$3.06	(1)%
Revenue	\$2,383	\$2,155	11%
Net income (loss) from continued operations attributable to commons stockholders	\$295.8	\$(66.3)	NM
Adjusted EBITDA <sup>1</sup> excluding 2017 BTC allocation	\$138.9	\$25.3	449%
Adjusted EBITDA <sup>1</sup> including 2017 BTC allocation	\$138.9	\$230.2 <sup>2</sup>	(40)%
Adjusted EBITDA <sup>1</sup> assuming BTC retroactively reinstated for 2018	\$375.9	\$230.2 <sup>2</sup>	63%

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# Trailing 12 month Adjusted EBITDA<sup>1</sup>



■ Rolling 12 month Adjusted EBITDA with BTC

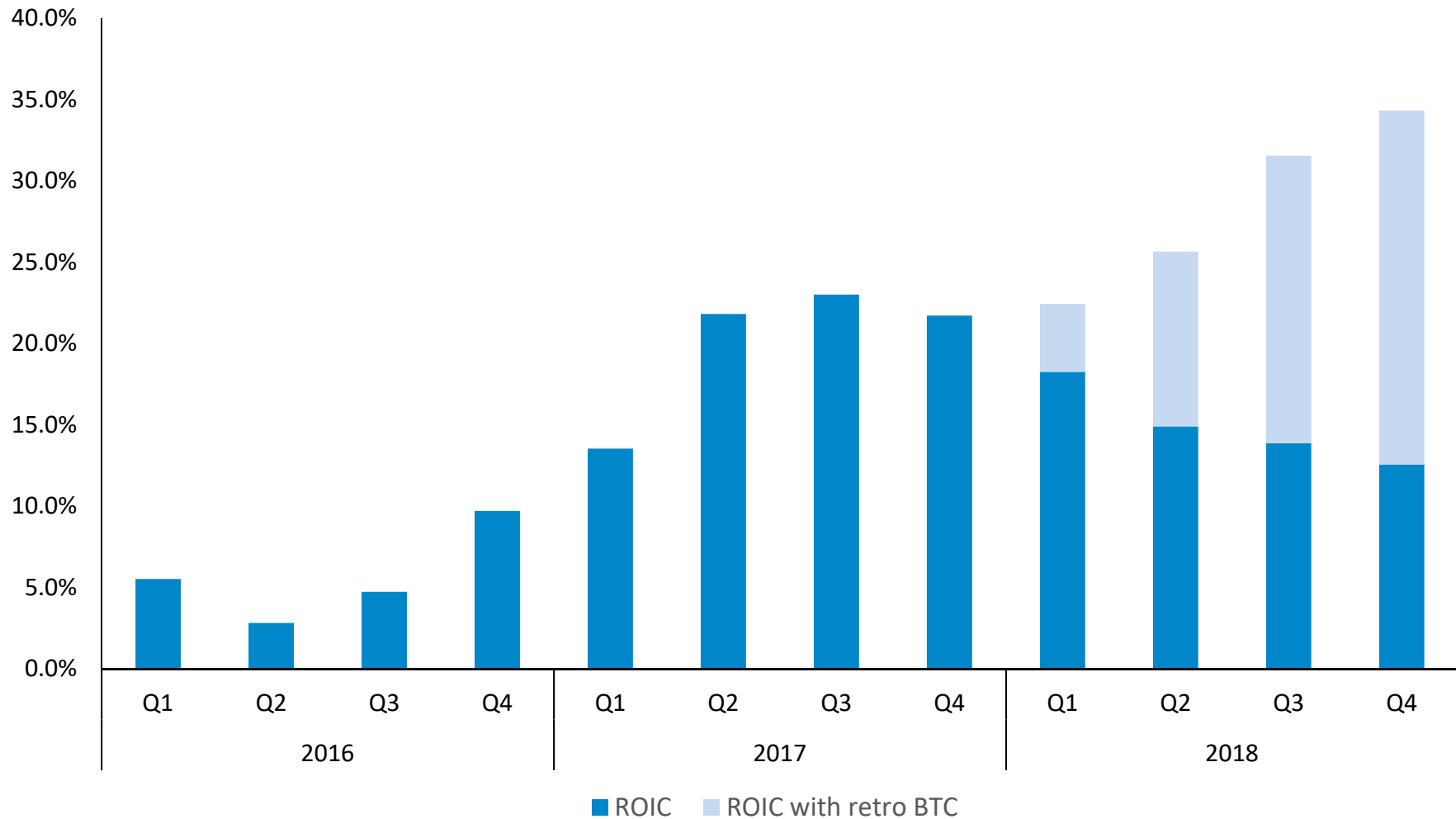
■ Estimated Net Benefit of BTC reinstatement

Source: REG

- (1) Adjusted EBITDA is a non-GAAP measure (in thousands). See Appendix for the definition of Adjusted EBITDA and a detailed reconciliation to Net Income determined in accordance with GAAP
- (2) 2018 Q1, Q2, Q3 and Q4 trailing 12 month Adjusted EBITDA includes estimated net benefit of retroactive reinstatement BTC of \$42.5 million, \$66.2 million, \$70 million and \$58.3 million respectively.



# Trailing 12 Month Return on Invested Capital (ROIC)<sup>1</sup>



(1) Trailing 12 month ROIC (after-tax EBIT/invested capital). Invested capital= Current assets (excludes cash, restricted cash and marketable securities) – Current liabilities + Net fixed asset + Goodwill + Intangible + Other assets excluding investments – Long term liabilities.

(2) 2018 Q1, Q2, Q3 and Q4 trailing 12 month Adjusted EBITDA includes estimated net benefit of retroactive reinstatement BTC of \$42.5 million, \$66.2 million, \$70 million and \$58.3 million respectively.



# Balance Sheet

(in millions)	December 31, 2018	September 30, 2018	December 31, 2017
Cash and Cash Equivalents	\$123.6	\$156.6	\$77.6
Marketable Securities	\$50.9	\$52.9	-
Receivables	\$74.6	\$92.9	\$90.6
Inventory	\$168.9	\$141.2	\$135.5
Net Working Capital <sup>1</sup>	\$170.7	\$174.3	\$150.8
Total Assets	\$1,107.1	\$1,141.2	\$1,005.6
Current Liabilities <sup>1</sup>	\$294.7	\$310.1	\$204.9
Term Debt <sup>2</sup>	\$185.8	\$208.0	\$228.6
Total Liabilities	\$341.8	\$359.1	\$438.0

(1) Includes carrying amounts of \$75.5 million and \$91.5 million of 2036 Convertible Senior Notes classified as Current Liabilities at December 31, 2018 and September 30, 2018, respectively, and \$66.4 million and \$65.7 million of 2019 Convertible Senior Notes classified as Current Liabilities at December 31, 2018 and September 30, 2018, respectively. At December 31, 2017, carrying amounts of 2036 Convertible Senior Notes and 2019 Convertible Senior Notes, classified as long term liabilities, were \$116.3 million and \$69.9 million, respectively.

(2) Term debt before netting of debt issuance costs of \$3.4 million, \$4.1 million, and \$6.6 million at December 31, 2018, September 30, 2018, and December 31, 2017, respectively.



# Repurchase Programs

	Number of shares/ Principal amount in \$'000	December 2017 Program in \$'000	June 2018 Program in \$'000	Both Programs in \$'000
Repurchases of shares of common stock	1,937,844	\$ 25,048	\$ —	\$ 25,048
2019 Convertible Senior Notes Repurchases	\$ 6,311	\$ 6,689	\$ —	\$ 6,689
2036 Convertible Senior Notes Repurchases	\$ 55,700	\$ 43,263	\$ 67,565	\$ 110,828
		<u>\$ 75,000</u>	<u>\$ 67,565</u>	<u>\$ 142,565</u>

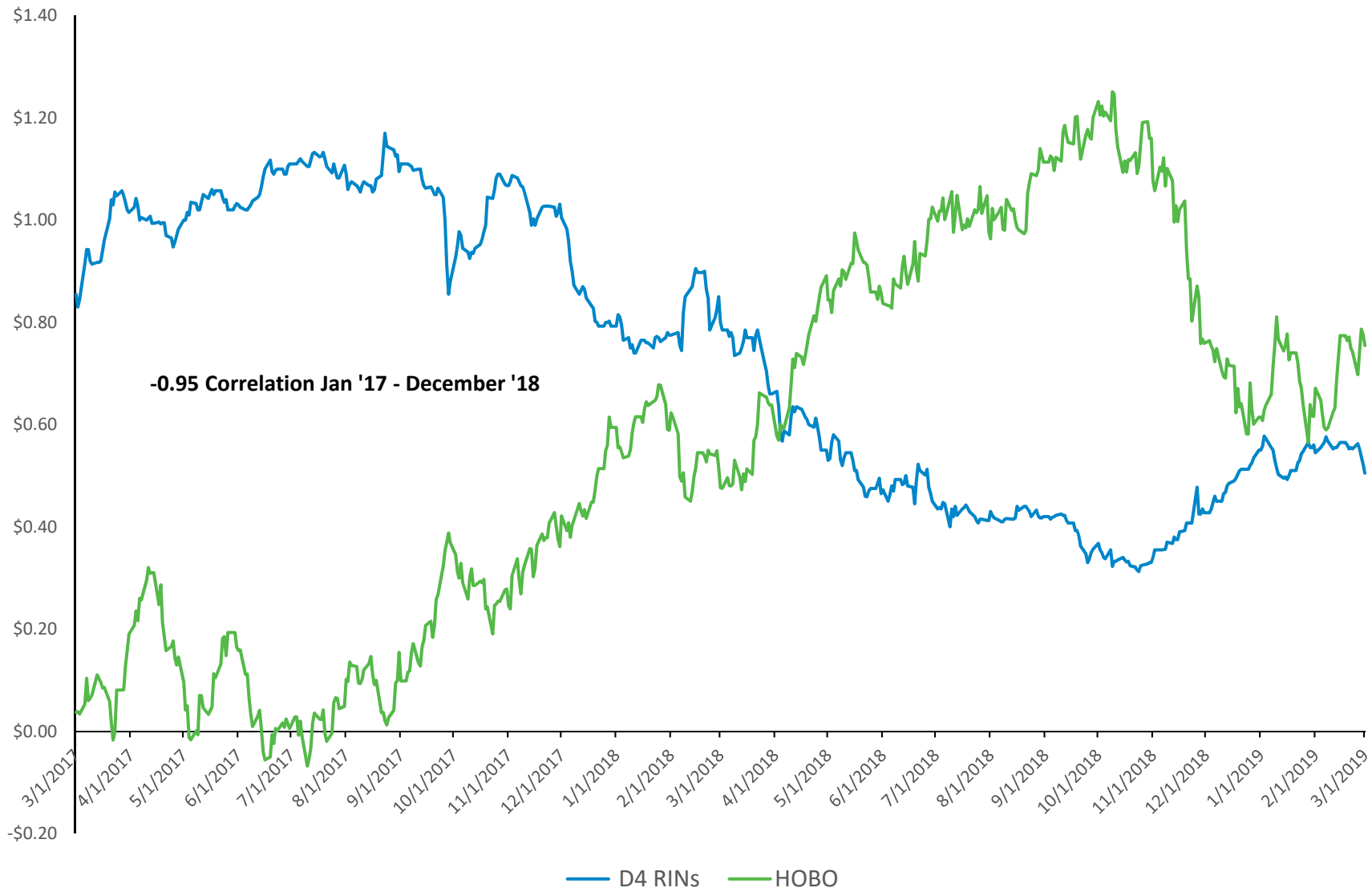
# Liquidity and Capital Structure

(in millions except for Book value per share)	December 31, 2018	December 31, 2017
Term Debt <sup>1</sup>	\$185.8	\$228.6
Term Debt/Total Capitalization	19.5%	28.7%
Net Book Value	\$765.3	\$567.6
Book value per share <sup>2</sup>	\$20.51	\$14.61

(1) Term debt before netting of debt issuance costs of \$3.4 million, and \$6.6 million at December 31, 2018 and December 31, 2017, respectively.

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

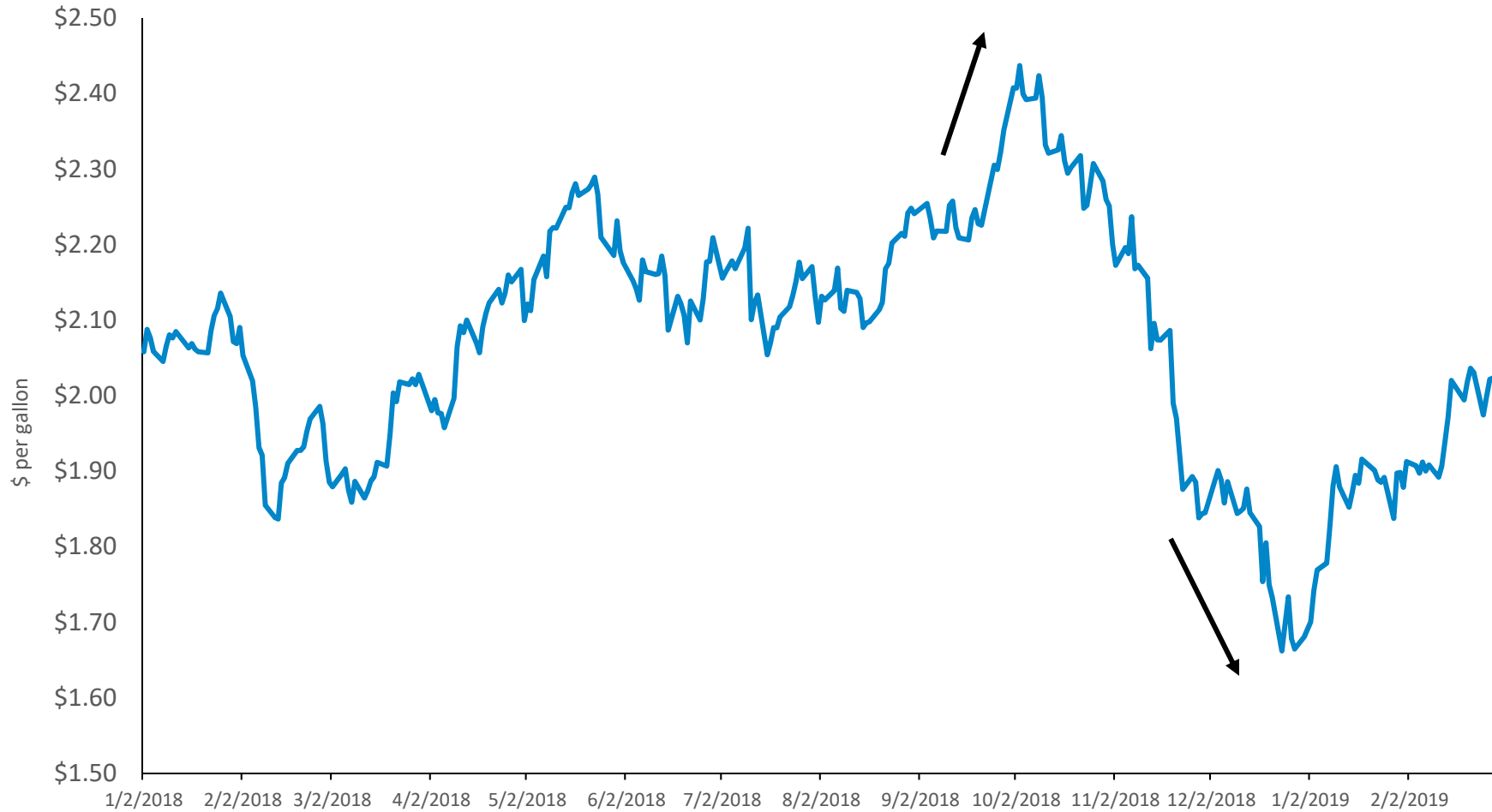
# Monthly Average RIN Value and HOB0 Spread History



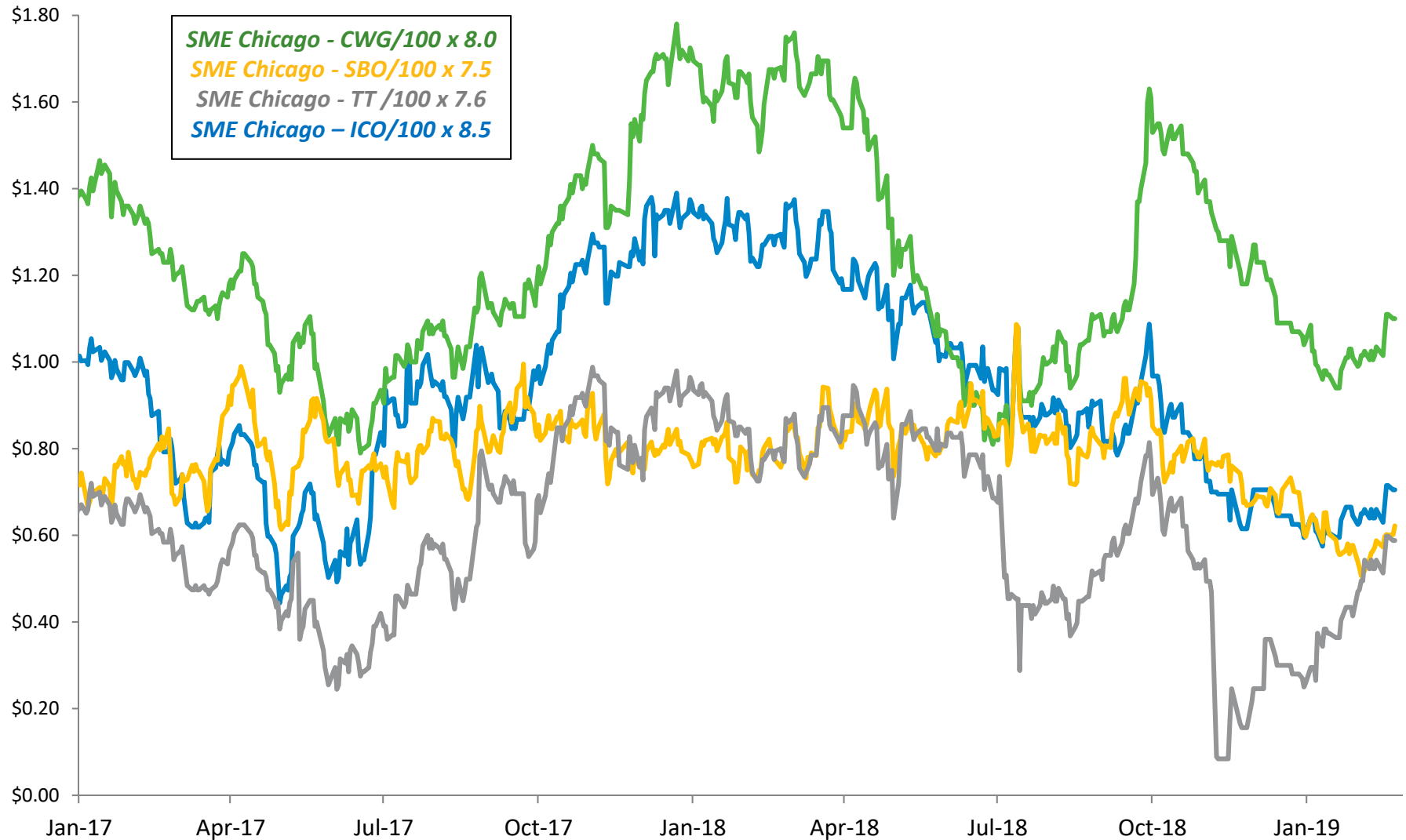
Note: HOB0 = HO NYMEX + 1 - (CBOT SBO/100\*7.5)  
 Source: OPIS



# 2018 NYMEX ULSD (HO)

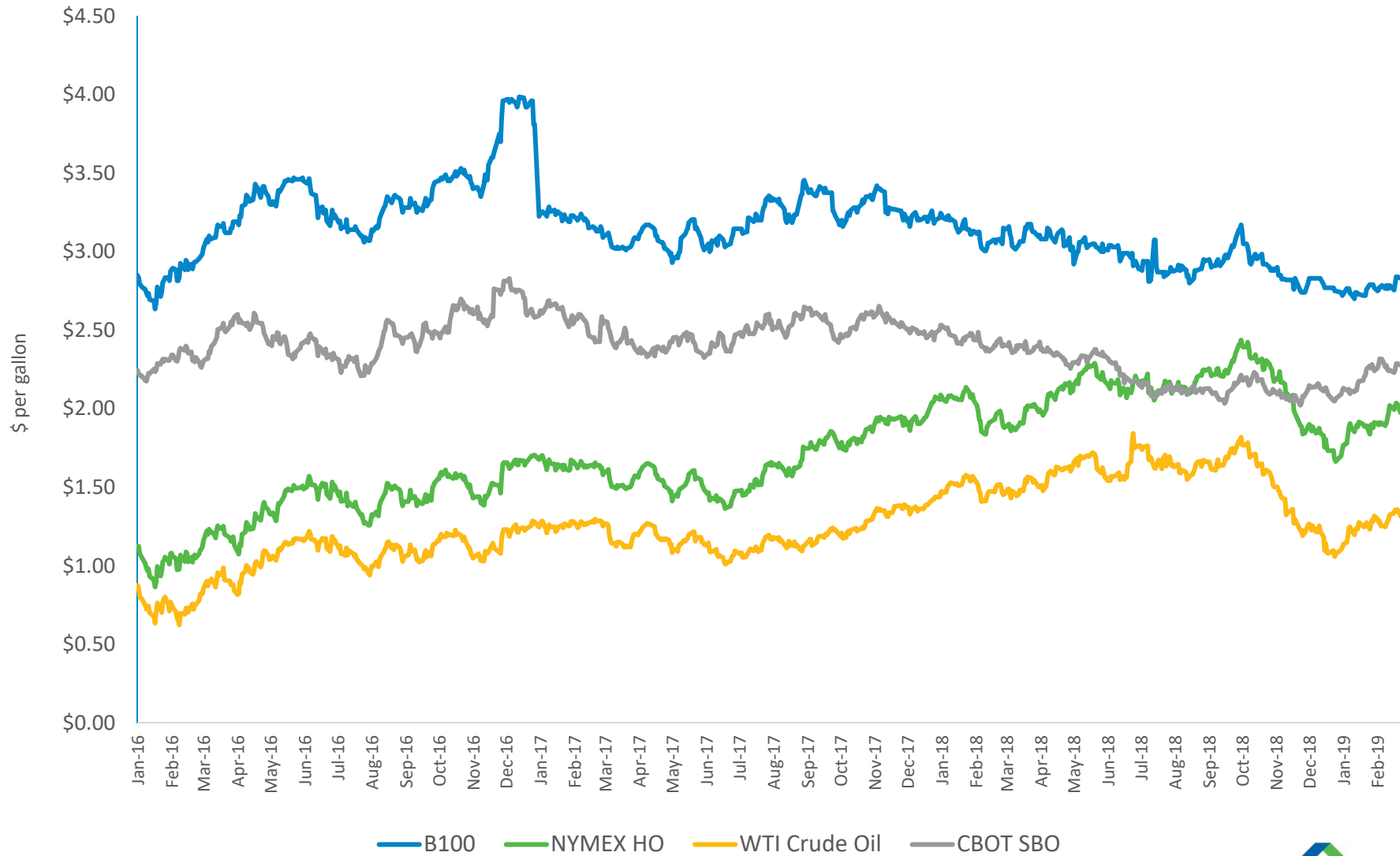


# Biodiesel Spread to Feedstock



Source: OPIS and Jacobsen

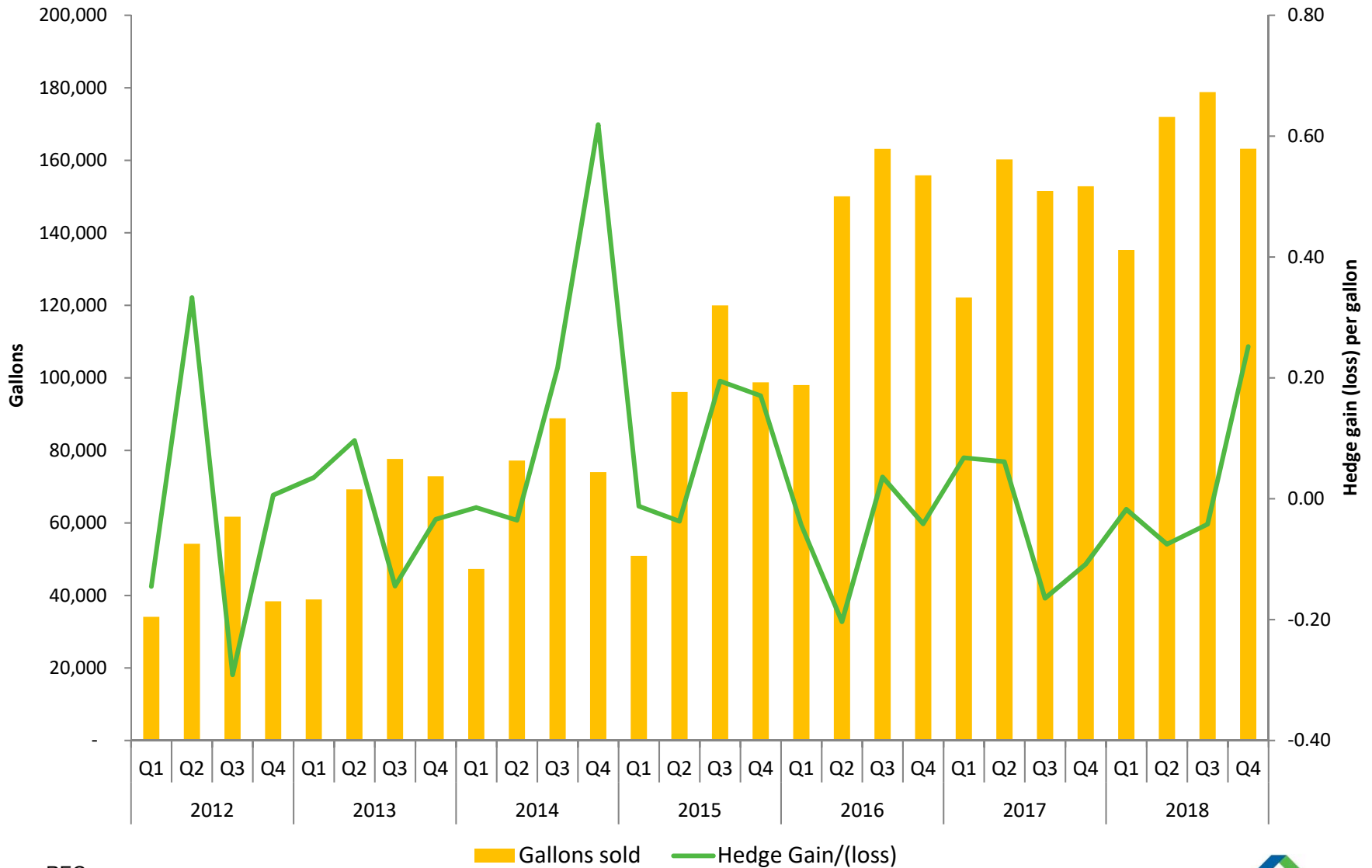
# Energy and SBO Market Prices



Source: OPIS



# Risk Management G/(L) Chart



Source: REG

# Q1 2019 Outlook

(in millions)	Estimated Q1 2019
Gallons sold <sup>1</sup>	155 – 170
Adjusted EBITDA <sup>2</sup>	\$(30) - \$(15)
Adjusted EBITDA <sup>2</sup> if BTC Retroactively Reinstated for 2019	\$15 - \$30

This estimate is based on actual performance through February 25<sup>th</sup>, existing forward contracts expected to be fulfilled, existing spot margins being stable through the end of the quarter and retroactive reinstatement of the BTC for 2019 on same terms as prior years. Any change to the price of diesel, feedstocks, RINs or LCFS credits through the end of the quarter or the terms of any retroactively reinstated BTC would be expected to impact the estimated results.

(in millions)	Estimated 2019
Gallons sold <sup>1</sup>	720 – 760
Gallons produced	510 – 550

(1) Reflects total gallons sold.

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

Note: This information is based on management's current expectations and estimates, which are based in part on market and industry data. Many factors are outside the control of management including particularly input costs, and actual results may differ materially from the information set forth above. See "Safe Harbor Statement" in slide 2.

# Upcoming Conference Appearance

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**31st Annual ROTH Conference**  
March 17-19, 2019  
Orange County, CA



**13th Annual Farm to Market Conference**  
May 17-19, 2019  
New York, NY



# Appendix

## Adjusted EBITDA Reconciliations

# Adjusted EBITDA Reconciliation

(in thousands)	1Q-2018	2Q-2018	3Q-2018	4Q-2018	2018	1Q-2017	2Q-2017	3Q-2017	4Q-2017	2017
Net income (loss) attributable to the company:	\$ 214,389	\$ 33,850	\$ 25,003	\$ 19,074	\$ 292,316	\$ (15,914)	\$ (34,809)	\$ (11,373)	\$ (16,983)	\$ (79,079)
Adjustments:										
Interest expense	4,651	4,925	4,003	3,955	17,534	4,536	4,479	4,725	5,015	18,755
Income tax expense (benefit)	(1,203)	3,835	854	2,385	5,871	1,075	1,960	(115)	(33,410)	(30,490)
Depreciation from continuing and discontinued operations	8,859	9,124	9,097	9,724	36,804	8,423	8,523	8,639	8,698	34,283
Amortization from continuing and discontinued operations	308	310	318	311	1,247	127	149	307	305	888
<b>EBITDA</b>	<b>\$ 227,004</b>	<b>\$ 52,044</b>	<b>\$ 39,275</b>	<b>\$ 35,449</b>	<b>\$ 353,772</b>	<b>\$ (1,753)</b>	<b>\$ (19,698)</b>	<b>\$ 2,183</b>	<b>\$ (36,375)</b>	<b>\$ (55,643)</b>
Gain on involuntary conversion	(4,000)	(454)	-	(3)	(4,457)	-	-	(942)	(4,387)	(5,329)
Gain on sale of assets	(990)	-	(13)	(2)	(1,005)	-	-	-	-	-
Change in fair value of convertible debt conversion liability	-	-	-	-	-	172	32,546	(8,560)	(5,325)	18,833
Change in fair value of contingent consideration from continuing and discontinued operations	(1,540)	(7,129)	(4,566)	444	(12,791)	589	(24)	1,433	486	2,484
Loss (gain) on debt extinguishment	232	(2,337)	(788)	(3,404)	(6,297)	-	-	-	-	-
Other (income) expense, net	(222)	(2,066)	(486)	(1,243)	(4,017)	320	(32)	(12)	742	1,018
Impairment of assets <sup>1</sup>	-	-	-	879	879	-	1,341	-	48,532	49,873
Impairment loss on assets classified as held for sale	-	-	-	11,226	11,226	-	-	-	-	-
Loss on the Geismar lease termination	-	-	-	-	-	-	3,967	-	-	3,967
Straight-line lease expense	(33)	(3)	(61)	(31)	(128)	(32)	(85)	(85)	(35)	(237)
Executive Severance	165	50	-	-	215	-	-	2,420	991	3,411
Non-cash stock compensation	1,794	2,203	1,227	1,188	6,412	1,308	1,688	2,023	1,890	6,909
Adjusted EBITDA excluding 2017 BTC allocation	<b>\$ 222,410</b>	<b>\$ 42,308</b>	<b>\$ 34,588</b>	<b>\$ 44,503</b>	<b>\$ 343,809</b>	<b>\$ 604</b>	<b>\$ 19,703</b>	<b>\$ (1,540)</b>	<b>\$ 6,519</b>	<b>\$ 25,286</b>
2017 BTC <sup>2</sup>	(204,936)	-	-	-	(204,936)	36,728	59,365	56,505	52,338	204,936
<b>Adjusted EBITDA</b>	<b>\$ 17,474</b>	<b>\$ 42,308</b>	<b>\$ 34,588</b>	<b>\$ 44,503</b>	<b>\$ 138,873</b>	<b>\$ 37,332</b>	<b>\$ 79,068</b>	<b>\$ 54,965</b>	<b>\$ 58,857</b>	<b>\$ 230,222</b>

Total balance may not foot due to rounding.

- (1) Represents the impairment charge to write down the carrying value of certain assets, mostly attributed to the Company's New Orleans and Emporia facilities for the years ended December 31, 2017 and 2016, respectively, to remaining salvage values.
- (2) On February 9, 2018, the BTC was reinstated for the 2017 calendar year. The retroactive credit for 2017 resulted in a net benefit to us that was recognized in our GAAP financial statements for the quarter ended March 31, 2018. However, because this credit relates to 2017 operating performance, our presentation of Adjusted net income and Adjusted EBITDA reflects the allocation of the net benefit of the reinstatement to each of the four quarters of 2017 based upon gallons sold in the quarters.



# Adjusted EBITDA Reconciliation

(in thousands)	1Q-2016	2Q-2016	3Q-2016	4Q-2016	2016	1Q-2015	2Q-2015	3Q-2015	4Q-2015	2015
Net income (loss):	\$ (6,888)	\$ 7,714	\$ 23,505	\$ 20,382	\$ 44,713	\$ (38,304)	\$ (2,163)	\$ (15,671)	\$ (95,572)	\$ (151,710)
Adjustments:										
Interest expense	3,311	3,738	4,487	4,451	15,987	(897)	(707)	(1,050)	(6,047)	(8,701)
Income tax expense (benefit)	728	1,296	(1,203)	3,447	4,268	2,743	2,928	2,921	3,275	11,867
Depreciation from continuing and discontinued operations	7,674	7,824	7,949	8,378	31,825	5,613	6,134	6,261	6,989	24,997
Amortization from continuing and discontinued operations	(140)	(134)	(129)	46	(357)	(219)	(206)	(199)	(91)	(715)
<b>EBITDA</b>	<b>\$ 4,685</b>	<b>\$ 20,438</b>	<b>\$ 34,609</b>	<b>\$ 36,704</b>	<b>\$96,436</b>	<b>\$ (31,064)</b>	<b>\$ 5,986</b>	<b>\$ (7,738)</b>	<b>\$ (91,446)</b>	<b>\$ (124,262)</b>
Gain on involuntary conversion	(3,543)	(997)	(3,470)	(1,884)	(9,894)	(565)	(1,779)	462	1,410	(472)
Change in fair value of convertible debt conversion liability	-	(13,432)	(3,013)	3,400	(13,045)	293	(2,121)	1,106	363	(359)
Change in fair value of contingent consideration from continuing and discontinued operations	(15)	3,571	1,124	3,224	7,904	-	-	(5,358)	-	(5,358)
Other (income) expense, net	88	(2,306)	314	(854)	(2,758)	-	-	-	175,028	175,028
Impairment of assets <sup>1</sup>	-	-	-	17,893	17,893	-	-	-	-	-
Straight-line lease expense	(94)	(80)	(73)	(38)	(285)	(158)	(145)	(19)	(94)	(416)
Executive Severance	-	-	-	-	-	197	162	(4)	486	841
Non-cash stock compensation	1,076	858	2,133	1,829	5,896	1,080	1,156	1,191	1,734	5,161
Adjusted EBITDA excluding 2015 BTC allocation	<b>\$ 2,197</b>	<b>\$ 8,052</b>	<b>\$ 31,624</b>	<b>\$ 60,274</b>	<b>\$ 102,147</b>	<b>\$ (30,217)</b>	<b>\$ 3,259</b>	<b>\$ (10,360)</b>	<b>\$ 87,481</b>	<b>\$ 50,163</b>
Allocation of 2015 BTC <sup>2</sup>	-	-	-	-	-	15,745	22,883	27,264	(65,892)	-
<b>Adjusted EBITDA</b>	<b>\$ 2,197</b>	<b>\$ 8,052</b>	<b>\$ 31,624</b>	<b>\$ 60,274</b>	<b>\$ 102,147</b>	<b>\$ (14,472)</b>	<b>\$ 26,142</b>	<b>\$ 16,904</b>	<b>\$ 21,589</b>	<b>\$ 50,163</b>

Total balance may not foot due to rounding.

- (1) Represents the impairment charge to write down the carrying value of certain assets, mostly attributed to the Company's New Orleans and Emporia facilities for the years ended December 31, 2017 and 2016, respectively, to remaining salvage values.
- (2) On February 9, 2018, the BTC was reinstated for the 2017 calendar year. The retroactive credit for 2017 resulted in a net benefit to us that was recognized in our GAAP financial statements for the quarter ended March 31, 2018. However, because this credit relates to 2017 operating performance, our presentation of Adjusted net income and Adjusted EBITDA reflects the allocation of the net benefit of the reinstatement to each of the four quarters of 2017 based upon gallons sold in the quarters.

# Estimated Q1 2019 Adjusted EBITDA Reconciliation

(in thousands)	Estimate without BTC		Estimate with BTC	
	Q1 2019 Low	Q1 2019 High	Q1 2019 Low	Q1 2019 High
Net income (loss):	\$ (44,800)	\$ (29,500)	\$ 900	\$ 15,600
Adjustments:				
Income tax expense (benefit)	800	500	100	400
Interest expense	3,900	3,900	3,900	3,900
Depreciation from continuing and discontinued operations	8,900	8,900	8,900	8,900
Amortization from continuing and discontinued operations	<u>300</u>	<u>300</u>	<u>300</u>	<u>300</u>
<b>EBITDA</b>	<b>\$ (30,900)</b>	<b>\$ (15,900)</b>	<b>\$ 14,100</b>	<b>\$ 29,100</b>
Other (income) expense, net	(500)	(500)	(500)	(500)
Change in fair value of contingent liability	(100)	(100)	(100)	(100)
Non-cash stock compensation	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>
<b>Adjusted EBITDA</b>	<b>\$ (30,000)</b>	<b>\$ (15,000)</b>	<b>\$ 15,000</b>	<b>\$ 30,000</b>

Total balance may not foot due to rounding.