Demand for Waste Based Biofuels in the USA and Europe – Perspective of a Global Producer

November 13, 2017
Safe Harbor Statement- UPDATE

Forward Looking Statements

This Presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements related to expected future financial results, possible legislative and regulatory changes affecting the biomass-based diesel industry, expansion plans, capital upgrades and the potential financial impacts thereof, growth in REG’s markets and growth in REG’s operations, product offerings and scope of business arising from implementation of REG’s business strategies.

These forward-looking statements are based on current expectations and assumptions, are subject to change, and actual results may differ materially. Factors that could cause actual results to differ materially include changes in governmental programs and policies requiring or encouraging the use of biofuels; 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; availability of federal and state governmental tax credits and incentives for biomass-based diesel production; risks associated with fire or explosion at our facilities; the effect of excess capacity in the biomass-based diesel industry; unanticipated changes in the biomass-based diesel market; competition in the markets in which we operate; 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 annual report on Form 10-K for the year ended December 31, 2016, its quarterly report on Form 10-Q for the quarter ended June 30, 2017 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.

Non-GAAP Financial Measures

This Presentation also presents Adjusted EBITDA, as a supplemental performance measure. Adjusted EBITDA is not in accordance with generally accepted accounting principles (GAAP) and accordingly a reconciliation of Adjusted EBITDA to net income/(loss) determined in accordance with GAAP is included in the Appendix at the end of this Presentation.
Agenda

• About REG
• About EWABA
• RED II
• North American Examples
REG converts waste fats and oils into high quality renewable fuels and chemicals to meet growing global demand for cleaner products
Leading U.S. & EU Sustainable Fuels Producer

REG is #1 in biomass-based diesel in North America, producing both biodiesel and renewable diesel
REG is #1 waste-biodiesel producer in Continental Europe

REG Performance in 2016

567 Million gallons of fuel sold¹

$2.0 Billion in revenue

Note: 1. Includes all gallons sold: domestic and international produced gallons and third party gallons
Source: REG Analysis
Existing Petroleum Supply Chain

50 - 90% fewer fossil CO₂ emissions than petroleum fuel

Feedstock Sourcing → Refining Capabilities → Marketing & Logistics
Large Scale International Presence

13 Biomass-Based Diesel Plants \[\rightarrow\] 1.7 MMT Demonstrated Capacity\(^1\) \[\rightarrow\] $2B Revenues

Note: 1. MMT (Million Metric Tons) Demonstrated capacity for 2016 - based on maximum daily production achieved over a continuous 7-day period, annualized to 330 days

Source: REG Analysis
On Course for Record Year

GALLONS SOLD 160 million gallons sold

REVENUE $535 million in revenue

ADJUSTED EBITDA $19.7 million in adjusted EBITDA

Carbon Reduction 870,000 MT of carbon reduction

- Approximately $58 million estimated net benefit from retroactive reinstatement of the BTC for Q2 2017
- Approximately $78 million estimated Adjusted EBITDA including a retroactive reinstatement of the BTC for Q2 2017

Approximately $118 million estimated Adjusted EBITDA if BTC in effect for the first half of 2017

Note: 1. Adjusted EBITDA is a non-GAAP measure. See Appendix for a definition of Adjusted EBITDA and a detailed reconciliation to Net Income in accordance with GAAP
2. Estimate based on REG gallons sold in Q2 2017
Source: REG Analysis
EWABA represents the interests of used cooking oil (UCO) collectors and waste-based biofuel producers from EU Member States.

- Created in 2013
- 19 members active in 20 EU Member States
- Members: Waste-based biodiesel producers & UCO collectors
- Feedstocks represented: mostly UCO and Animal Fats

- Works with:
  - European Commission
  - European Parliament
  - National governments EU 28 Member States
  - NGOs
  - Think-tanks
Trend Is Clear – World Desires Cleaner Fuel

Historic and Forecasted Global BBD Production

- **Biodiesel Mixture Excise Tax Credit (BTC)**
  - $1/gal. of biodiesel blended fuel, first enacted as part of the American Jobs Creation Act of 2004

- **RFS2 Enacted**
  - Policy mandating the use of BBD for obligated parties

- **New York Bioheat Mandate**
  - New York City passes 2% Bioheat mandate

- **BTC Reinstated**

- **EU Passes Renewable Energy Directive (RED)**
  - 20% of energy consumed in the EU is renewable by 2020

- **California LCFS Passed**
  - Implementation starting in 2010

- **New York Extends LCFS**
  - Extension until 2030

- **Minnesota B20 Blend Mandate**
  - Implementation of B20 blend between April 1 and September 30 each year

- **BTC Reinstated**

- **IL Extends B11 Fuel Tax Exemption**
  - 10 year extension through 2030

- **Minneapolis B20 Blend Mandate**
  - Implementation of B2 blend requirement

- **BTC Reinstated**

- **IA Fuel Tax Differential**
  - B11 tax reduced by $0.03

- **Minnesota B20 Blend Mandate**
  - Implementation of B2 blend between April 1 and September 30 each year

- **BTC Reinstated**

- **Implementation of RED II**
  - Renewables target increases from 20% to 30-35%

- **RC Extends B20 Blend Mandate**
  - Implementation of B2 blend between April 1 and September 30 each year

- **BTC Reinstated**

- **CA Extends LCFS**
  - Extension until 2030

- **IA Tax Credit Extension**
  - Extended production and retail tax credits

Source: LMC International, EIA, National Biodiesel Board
Paradigm Shift: “circular economy”

GREEN GROWTH, A CIRCULAR ECONOMY STORY

The ‘take, make, use, throw away’ approach to scarce resources is a thing of the past. It's time to close the loop and invest in the circular economy and green growth!

THIS IS WHAT WE KNOW
- growing demand for goods
- global competition is intensifying
- unsustainable use of resources
- climate change is happening
- energy supplies are dwindling

THIS IS WHAT THE CIRCULAR ECONOMY DOES...
- saves and values scarce resources
- cuts greenhouse gas emissions and environmental impacts
- breaks down silo thinking and promotes cross-policy action
- makes the economy more competitive, sustainable, fair
- creates new business opportunities, jobs and growth

THIS IS THE OUTCOME...

The circular economy package brings the pieces together – production, consumption, secondary raw materials, waste management, innovation & investment – to cover the whole product lifecycle.

It means Europe is now the best place to grow a sustainable green business.
WASTE... (e.g. fatbergs in London)
... IS A RESOURCE
Waste-based: Beyond decarbonization

- Top GHG savings
- Environmental Protection
- Energy Security
Europe: ongoing regulatory discussions

- How to promote best-performing biofuels
- A formidable battle!
The RED II (Renewable Energy Directive)

- European Commission intends to pick winners and losers
- European Parliament: Politicians want to show muscle
- Council: Defending strategic national interests
Europe Marches Forward with RED II

RED II proposes that 27% of total energy consumption in the EU must come from renewable sources by 2030.

In 2015, the EU’s inland consumption of energy was 1,627 million tons of oil equivalent or 12 Trillion barrels of oil. If total energy consumption stays at these levels until 2030, roughly 3.2 Trillion barrels of oil equivalent would have had to come from renewable sources.

Source: European Commission
North American Examples
States Leading Push for Cleaner Fuels

U.S. states with market leading policies

Legend
- Market leading policy states

Note: Delivered biodiesel and co-products to 47 states, 4 provinces in Canada; supplied biodiesel destined for the U.K., China and Peru in 2016
California Leading the Way with LCFS Expansion

- Pro-low carbon fuels legislation
- Bi-partisan, 2/3 supermajority vote
- 10 year extension through 2030
  - Cap-and-Trade
  - Low Carbon Fuel Standard

REG helping California achieve its goals, delivering over 63MM gallons in 2016
Canada Following California’s Lead

- Canadian adoption of LCFS will create significant demand
  - BBD consumption of 172 MMG in 2016\(^1\)
  - Growth could exceed 600 MMG by 2030\(^2\)

- Existing federal and provincial Standards support continued opportunities:
  - Federal Renewable Fuel Standard (RFS)
  - British Columbia LCFS
  - Alberta RFS
  - Ontario Greener Diesel Program

REG helping Canada achieve its goals, over 6 MMG sold into Canada in 2016

Notes
1. Based on 2016 actual BBD consumption in 2016 converted from liters to gallons
2. Based on growth of diesel market at global annual rate of 3.3% from 2016 to 2030, with assumed national BBD % blend of 5%
Source: REG Analysis, StatCan
Principal wastes used for biodiesel:

- UCO
- Animal fats
- Acid oils
- FFA
- Oleins
- Soapstock
- Pome

BUT: Legislation determines what is waste!