



# 2020 Fiscal Year Annual Meeting

Friday, February 19, 2021  
Virtual Presentation

# FORWARD-LOOKING STATEMENTS AND DISCLAIMER

This presentation contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are made in good faith by Southwest Iowa Renewable Energy, LLC (“SIRE,” “us” or “we”) and are identified by including terms such as “may,” “will,” “should,” “expects,” “anticipates,” “estimates,” “plans,” or similar language. In connection with these safe-harbor provisions, SIRE has identified in its annual report on Form 10-K, and in its other filings with the SEC, important factors that could cause actual results to differ materially from those contained in any forward-looking statement made by or on behalf of SIRE, including, without limitation, the risk and nature of our business and the effects of general economic conditions on us. We may experience significant fluctuations in future operating results due to a number of economic conditions, including, but not limited to, competition in the ethanol industry, commodity market risks, financial market risks, counter-party risks, and risks associated with changes to federal policy or regulation. The cautionary statements and risk factors in this disclaimer and our Form 10-K expressly qualify all of SIRE’s forward-looking statements in this presentation. The forward-looking statements contained in this presentation are included in the safe harbor protection provided by Section 27A of the Securities Act of 1933. SIRE further cautions that such factors are not exhaustive or exclusive. SIRE does not undertake to update any forward-looking statement which may be made from time to time by or on behalf of SIRE unless an update is required by applicable securities laws.

# Business Meeting Agenda

*Karol King – Chairman of the Board*

Call the Meeting to Order – Welcome  
Report on Notice of Meeting/Quorum  
Adjournment of Business Meeting

# SIRE

Southwest Iowa Renewable Energy  
Farmers Fueling Our Future <sup>LLC</sup>

[www.SIREethanol.com](http://www.SIREethanol.com)

## Company Update

*Mike Jerke – CEO/President*

# SIRE

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# *FY 2020 Review....*

## The goal:

*To be a plant that performs in the top quartile of our peer group as measured by EBITDA.*

## Path to achieve our goal:

*“5-10-20” by FYE 2022 initiative (baseline: 2019).*

- *5% efficiency improvement*
- *10% expense reduction*
- *20% production increase and energy reduction*

# Recap

- Repurchase of Bunge units.
- COVID and impact of stay-at-home directives.
- Production was 11.5 million gallons below FY 2019.
- 2.9 million gallons sold into undenatured/high value (sanitizer) markets.
- Margin environment:
  - Q1 strong
  - Q2 onset of COVID
  - Q3 weak (unprecedented)
  - Q4 strengthened

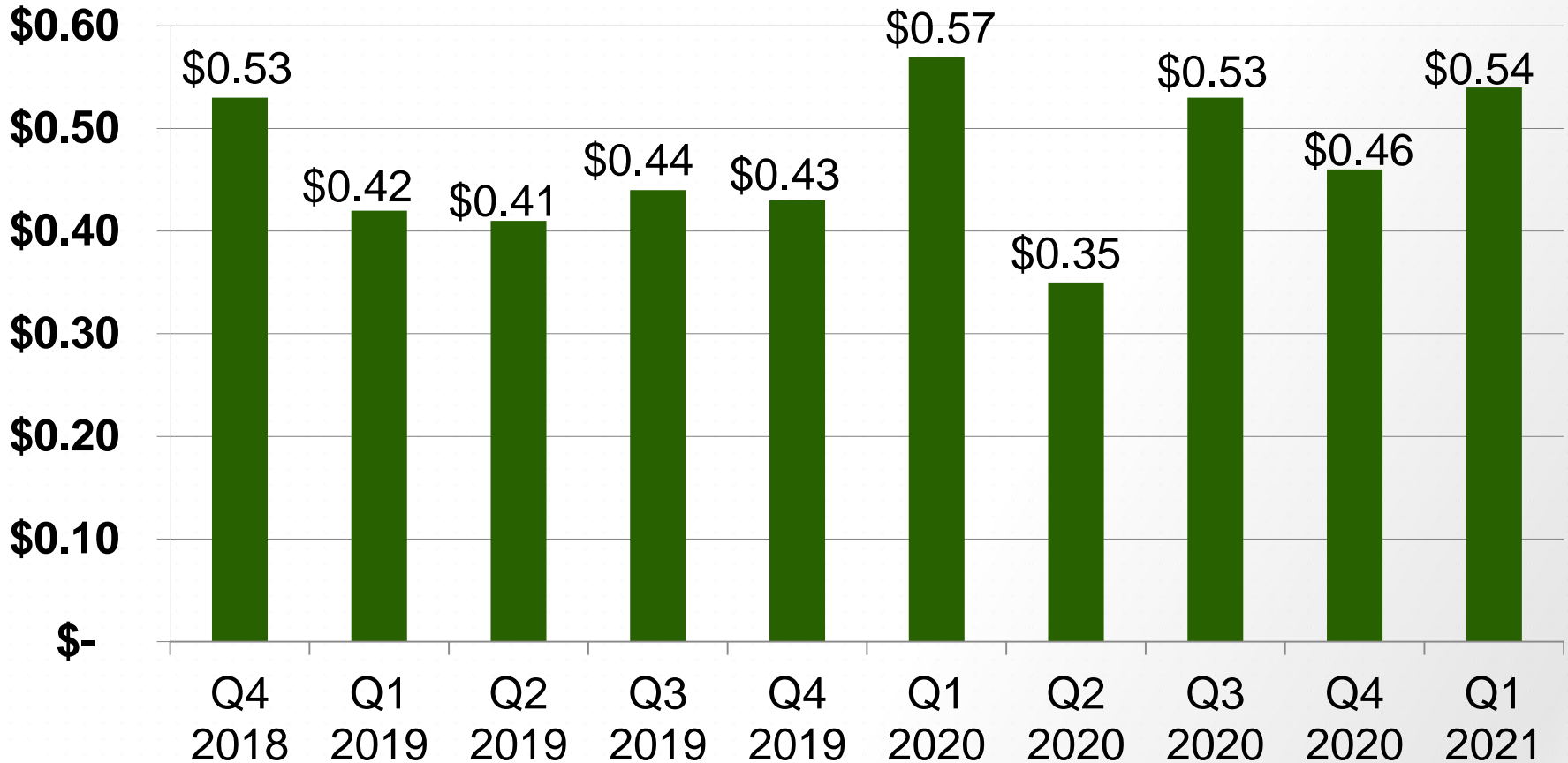
Margin tracked the ebb/flow of stay-at-home directives/attitudes.

# Financial Highlights (In millions other than book value.)

Metric	FY 2018	FY 2019	FY 2020	Thru 12/31/20
Revenue	\$215.0	\$217.0	\$198.6	\$55.4
Crush Margin	\$66.4	\$54.8	\$55.3	\$16.3
MEBITDA	\$9.6	\$3.0	\$11.3	\$4.6
Net Income	\$(2.7)	\$(8.5)	\$(0.4)	\$1.1
Total Equity	\$97.8	\$89.3	\$65.8	\$66.9
Book value per share	\$7,339	\$6,701	\$7,332	\$7,456
Total shares	13,327	13,327	8,975	8,975

# Quarterly Crush Margin

Per Gallon of Ethanol Produced





<b>Metric</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>YTD 2021</b>
Ethanol Yield (gpb)	2.945	2.903	2.880	2.919
Corn Oil Yield (ppb)	0.897	0.978	0.942	0.918
<i>Ethanol Price (\$/gal)</i>	<i>1.31</i>	<i>1.28</i>	<i>1.24</i>	<i>1.31</i>
<i>Corn Cost (\$/bu)</i>	<i>3.41</i>	<i>3.71</i>	<i>3.48</i>	<i>3.98</i>
Revenue (\$/gal)	1.683	1.695	1.727	1.843
Variable Expense (\$/gal)	0.254	0.244	0.207	0.191
Fixed Expense (\$/gal)	0.141	0.121	0.131	0.094
Gen & Admin (\$/gal)	0.039	0.038	0.045	0.040
EBITDA (\$/gal)	0.086	0.023	0.097	0.176

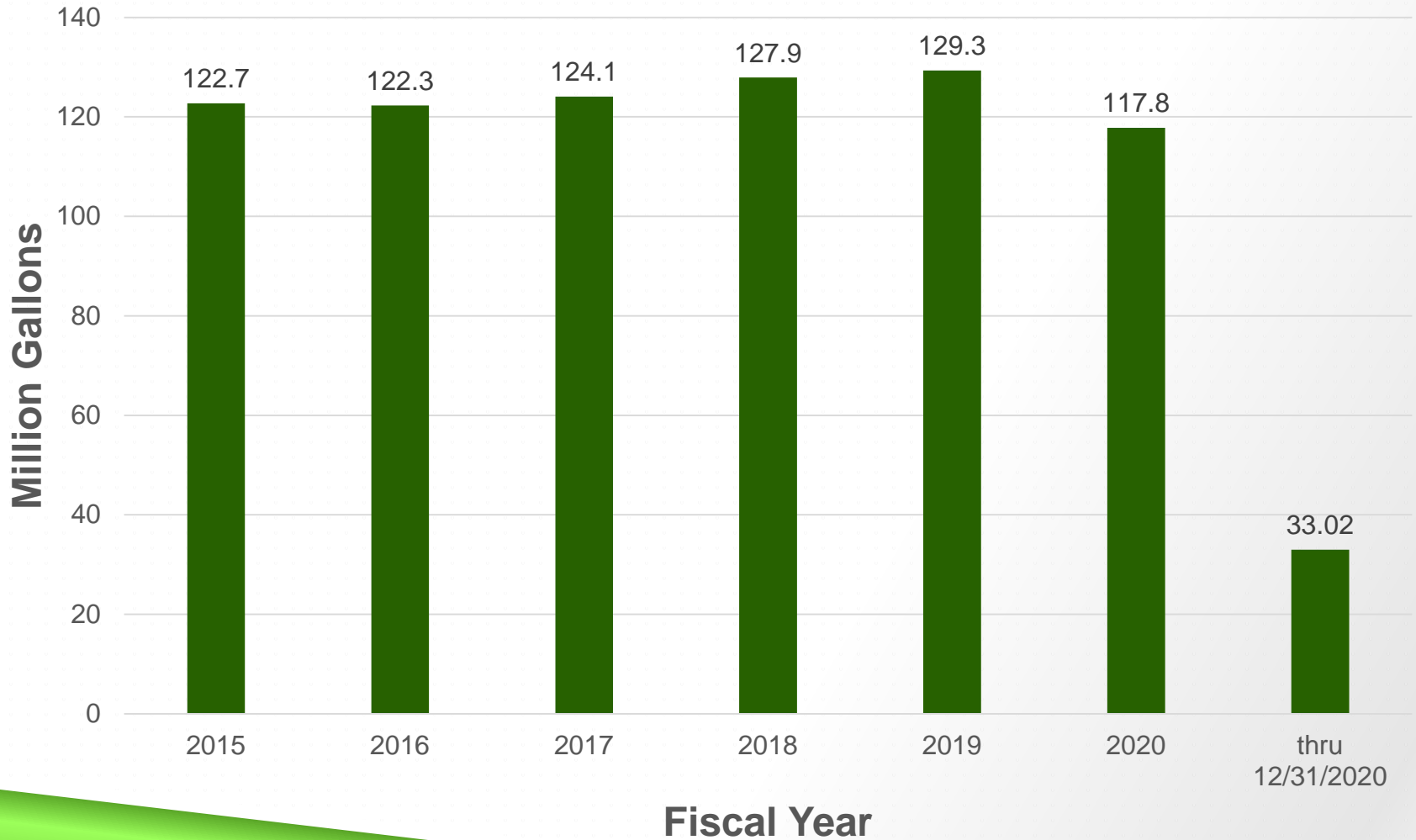
*FY 2020 modified EBITDA: \$8.4 million improvement*

# Annual Production Results 5-year (fiscal) Comparison

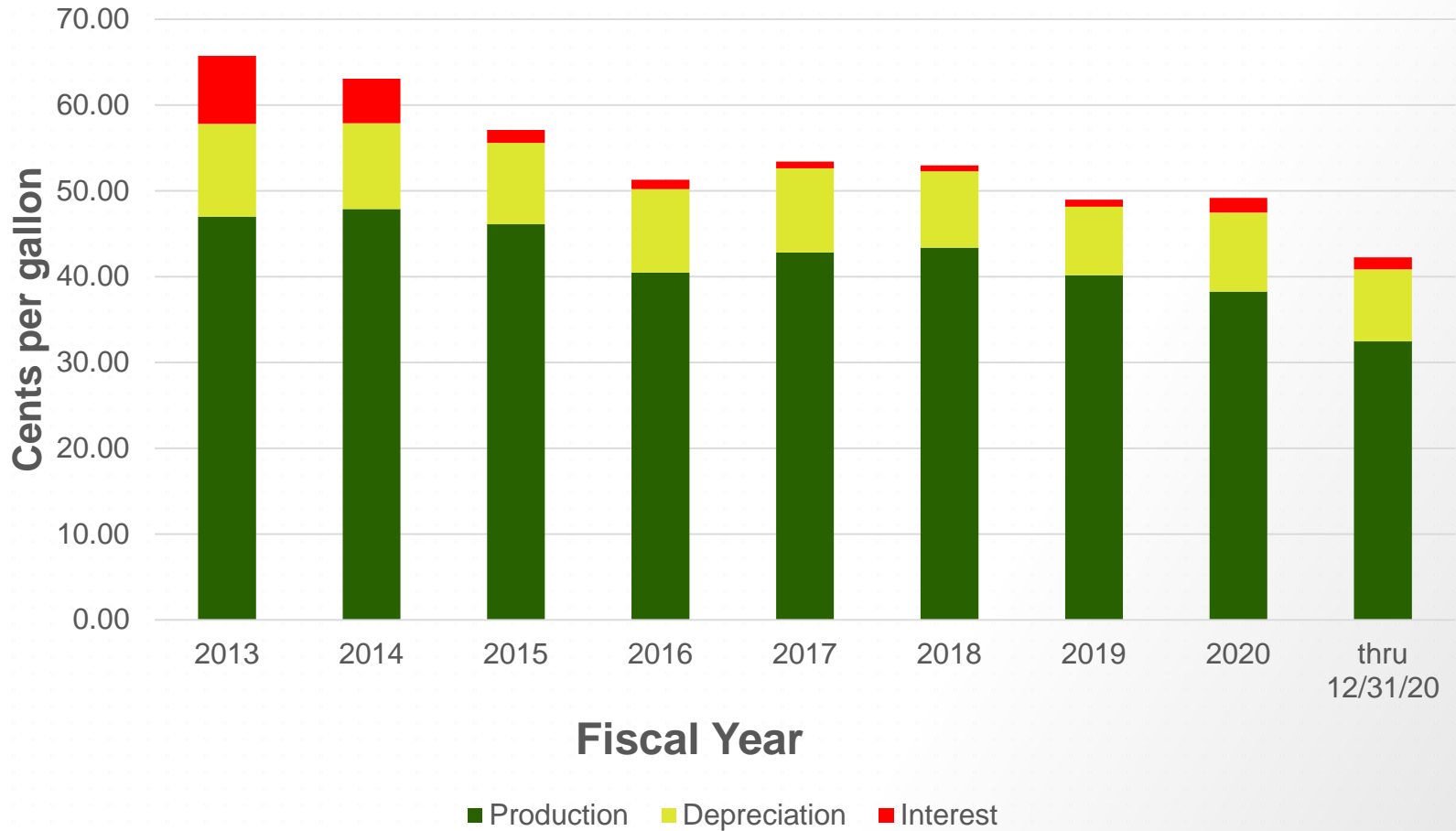
	2016	2017	2018	2019	2020
Ethanol Production	122.3 mg	124.1 mg	127.9 mg	129.3 mg	117.8 mg*
Corn Consumed (bu.)	42,891,000	42,430,000	43,432,000	44,533,000	40,903,000
Distillers Sales (tons)	406,710	369,290	408,650	411,300	387,900
Corn Oil Prod. (lbs)	33,906,800	35,985,900	38,976,800	43,548,500	38,528,500
Carbon Dioxide (tons)	94,400	94,300	100,950	100,600	104,059

*\*Total ethanol production in FY 2020 included 2.9 million gallons of product sold to support the hand sanitizer market.*

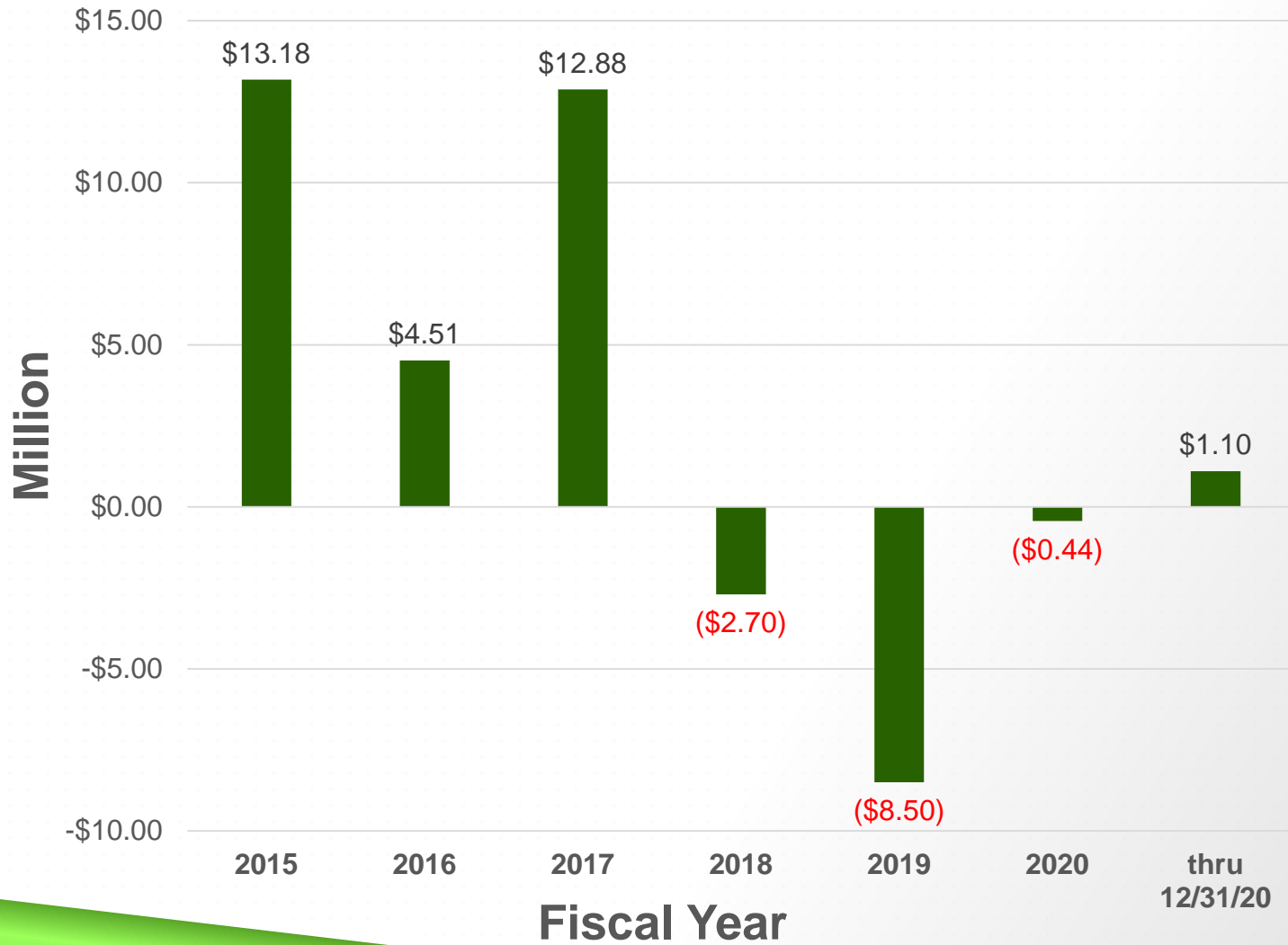
# Ethanol Production



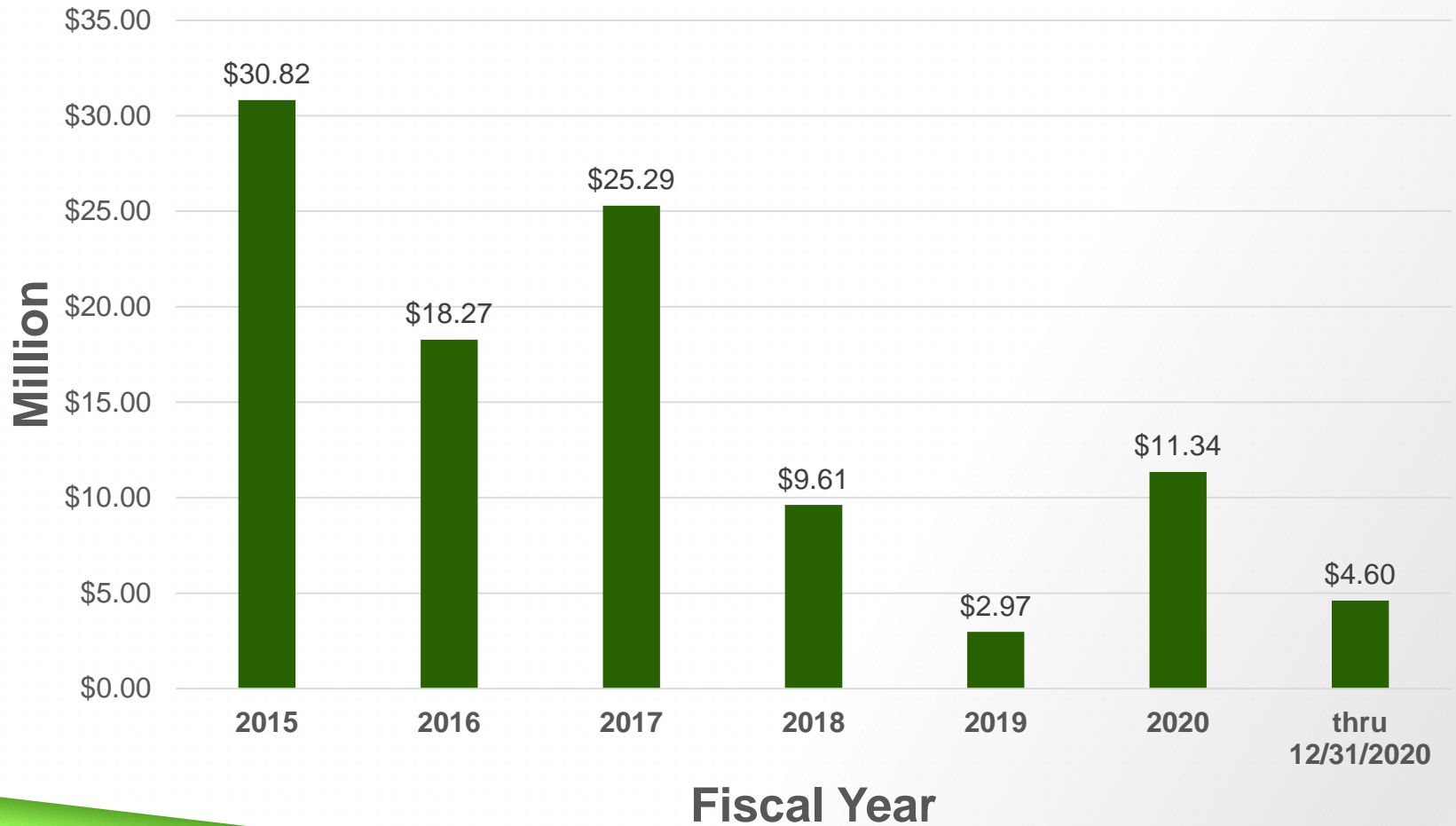
# Costs



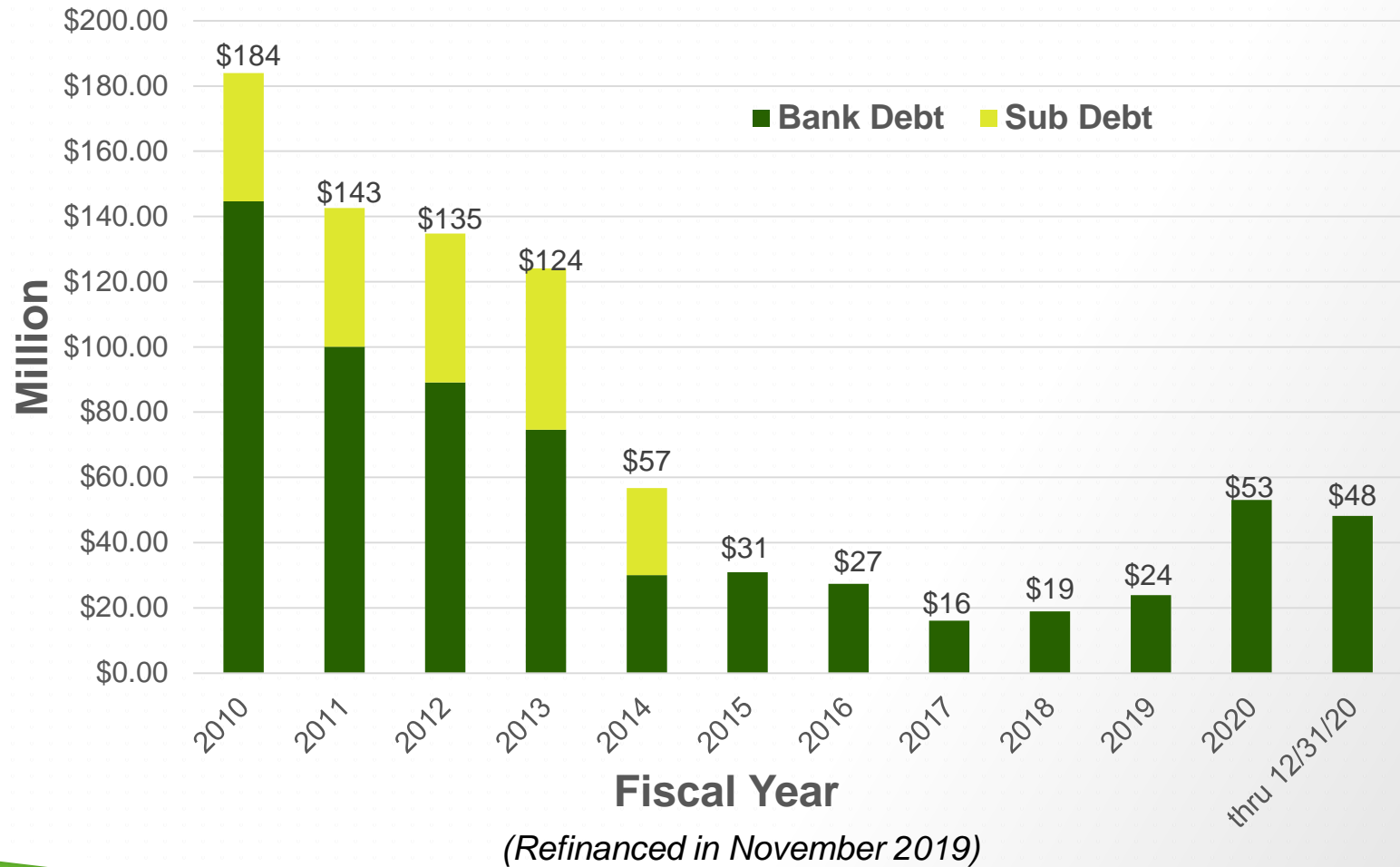
# Net Income



# Modified EBITDA



# Historical Debt



# Debt Metrics

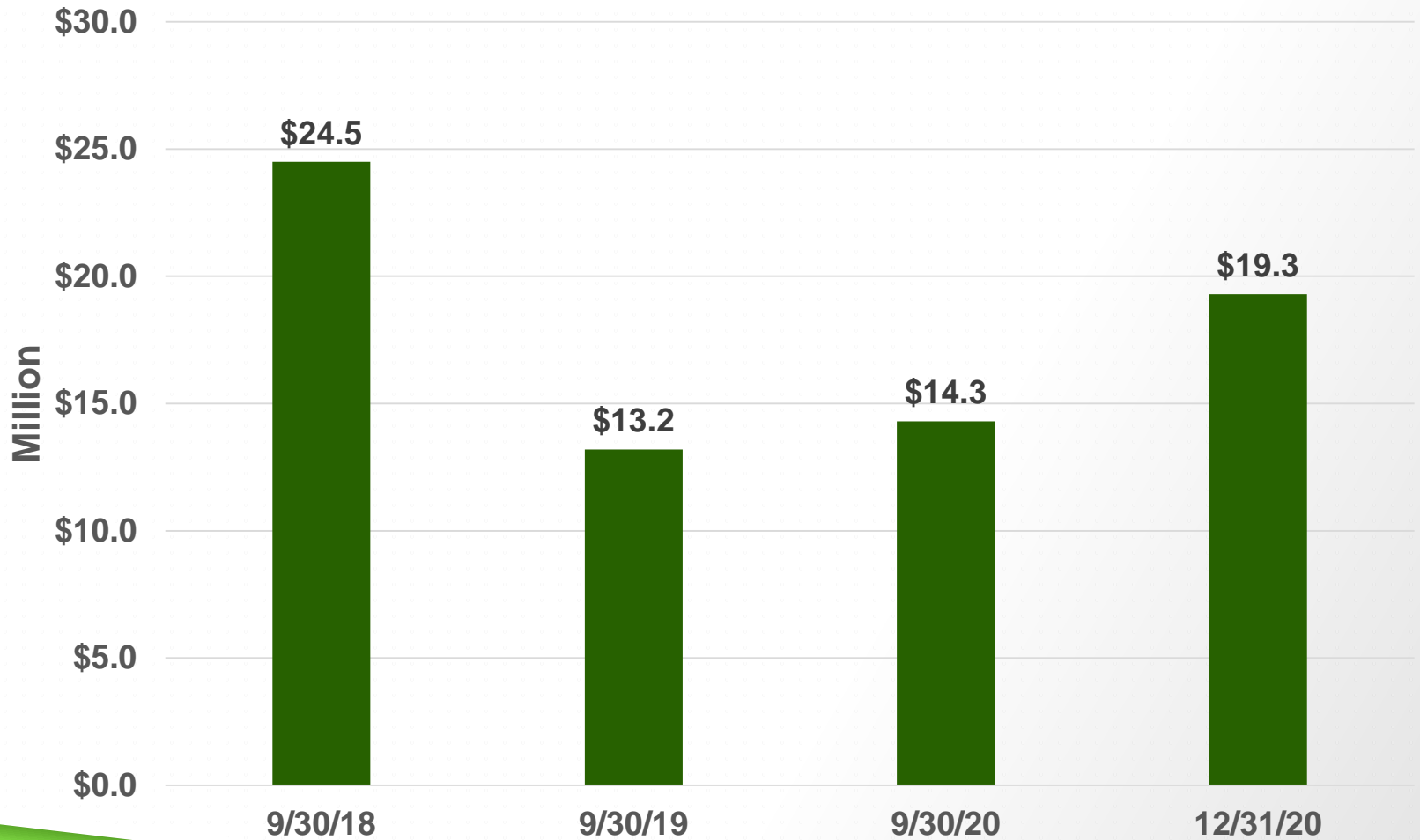
(millions)

	FYE 2018	FYE 2019	FYE 2020	YTD 12/31/20
<b>Bank Debt</b>	\$18.9	\$23.9	\$53.1	\$48.2
<b>Bank Debt/Gallon</b>	\$0.15	\$0.18	\$0.40*	\$0.36*
<b>Bank Debt- Repayment</b>	\$(2.8)	\$(5.0)	\$(29.2)	\$4.9
<b>Interest Payments</b>	\$1.0	\$1.0	\$1.9	\$0.5

*\*Based on FY 2019 production*



# Liquidity



# Capital Expenditures - 2020

- Dryer Exhaust Energy Recovery      \$10.8 MM

## *Capital Expenditures/Upgrades FY 2021*

- *Undenatured loadout (rail)*      \$0.23 MM (complete)
- *Corn storage expansion*      \$8.0 MM

# Achieving the goal

- Upper quartile requirements
  - ✓ Right design
  - ✓ Right location
- Right metrics (5-10-20)
  - Change of alpha amylase mode of delivery
  - Addition of industry standard corn storage, 20 days (plus)
    - Currently, ~11 days
- ✓ Right Team

# Achieving the goal...

- Diversification plan
  - Undenatured sales
  - High oil corn pilot project
- Low carbon focus

## Keeping score??

# Benchmarking

EBITDA		
Year	National	IA/NE
FY 2019	60%	58%
FY 2020	40%	53%
Q1 2021	38%	33%

Net Income		
Year	National	IA/NE
FY 2019	63%	59%
FY 2020	40%	27%
Q1 2021	25%	17%



**Iowa Renewable  
Fuels Association**

# **2021 SIRE Annual Meeting**

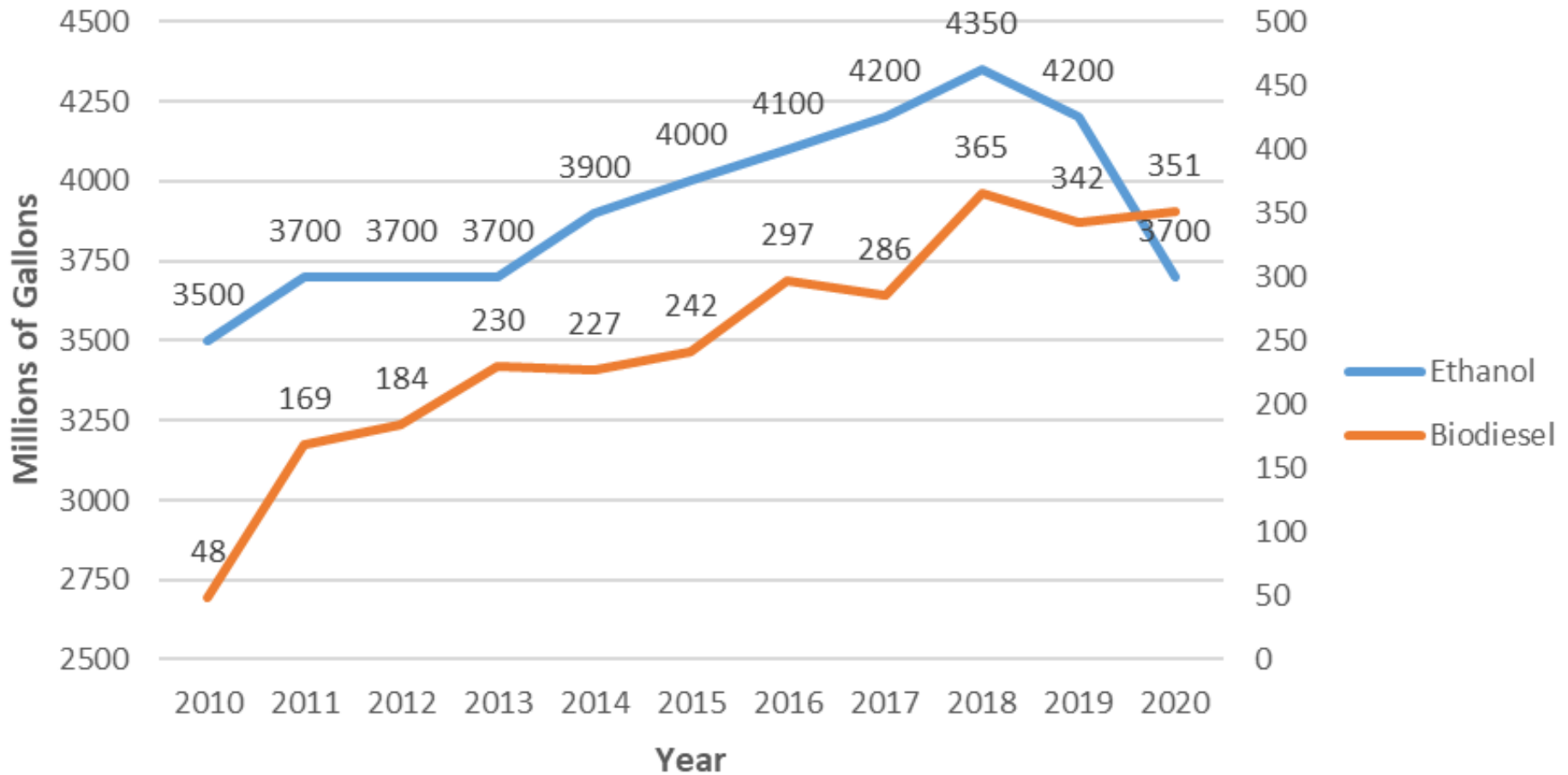
February 19, 2021

# Iowa's Ethanol Industry

- 42 operating ethanol plants with a capacity of 4.5 billion gallons
- Should be converting 1.6 billion bushels of Iowa corn (70% of 2020 crop) to ethanol and high-protein animal feed
- ~27% of U.S. ethanol production



# Iowa Renewable Fuel Production





# Impact of Renewable Fuels in Iowa

2020	GDP (in millions)	Household Earnings (in millions)	Employment (Jobs)
Ethanol	\$3,369	\$1,576	32,594
Biodiesel	\$587	\$254	4,449
<b>Total</b>	<b>\$3,956</b>	<b>\$1,830</b>	<b>37,043</b>





**Gov. Kim Reynolds**

“This legislation would invest significantly into Iowa’s renewable fuel infrastructure program, boost farm income, reduce emissions, and put millions of dollars back into the state’s general fund. **It is time for Iowa to take charge of our renewable fuel economy** and stand up against the inconsistency we continue to see from Washington, D.C., and the (federal Environmental Protection Agency).”

-- Sioux City Journal, February 14, 2021



[www.IowaRFA.org](http://www.IowaRFA.org)



# • Iowa Biofuel Standards Bill Overview

- **B11/20 Fuel Standard** – All diesel in the state to include biodiesel as seen below.
  - B5 during winter months (October to March)
  - B11 during summer months (April to September 2022-2023)
  - B20 during summer months (2024 and later)





# ● Iowa Biofuel Standards Bill Overview

- **E10 Fuel Standard** – “All” gasoline in the state to include at least 10% ethanol.
- Exemptions for one pump per retailer for small and off-road engines, old cars, and marinas.
- New state label for E0 highlighting these restrictions.





# ● Iowa Biofuel Standards Bill Overview

- **E15 Fuel Standard Trigger** – Would change the E10 standard to E15 standard.
- On January 1, 2025, the Governor will have the option to move to a E15 standard. If retail infrastructure constraints exist, the Governor can delay the date.







# ● Iowa Biofuel Standards Bill Overview

- **Renewable Fuel Infrastructure Program Funding** – increase from \$3M to \$10M year for retailer grants
- Limits biodiesel grants to “historical” \$1.25 million per year to ensure funding for E15 infrastructure.



# ○ Iowa Biofuel Standards Bill Impacts

- More fuel choices for **consumers** – E15
  - Saves consumers 5-10 cents per gallon
- More grant funding for **retailers** to add E15
- Elimination of tax credits on “standard” fuel will save Iowa **taxpayers** \$180M over first five years
- Boost Iowa **GDP** by ~\$450M, Support an additional 3,500 **jobs**, add \$550M to Iowa **household income**



# ○ Iowa Biofuel Standards Action Items

- Donate to **SIRE PAC**. Must support biofuel allies.
- **Contact legislators** to urge support for **IA Biofuel Standards**
  - Sen. Dan Dawson, 712-256-1199, dan.dawson@legis.iowa.gov
  - Sen. Tom Shipley, 712-785-3583, tom.shipley@legis.iowa.gov
  - Sen. Mark Costello, 712-520-0303, mark.costello@legis.iowa.gov
  - Sen. Jason Schultz, 712-269-2178, jason.schultz@legis.iowa.gov
  - Rep. Brent Siegrist, 402-250-5566, Brent.Siegrist@legis.iowa.gov
  - Rep. Charlie McConkey, 402-676-0105, charlie.mcconkey@legis.iowa.gov
  - Rep. Jon Jacobsen, 712-890-7266, Jon.Jacobsen@legis.iowa.gov
  - Rep. Matt Windschitl, 712-642-4334, matt.windschitl@legis.iowa.gov
  - Rep. Steve Holt, 712-269-4042, Steven.Holt@legis.iowa.gov
- Always leave your name, hometown/plant, phone number

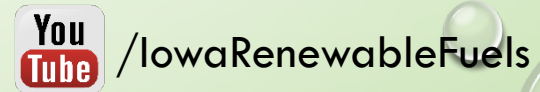
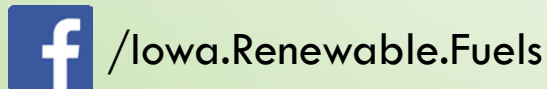




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[www.Iowarfa.org](http://www.Iowarfa.org)



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# Industry Update



# The Road Ahead...

- Change in administration
- EV euphoria
  - *0.6% of current fleet*
- Decarbonization of liquid fuel
- Payroll Protection Program (PPP), round 1 and 2
  - USDA Stimulus?

*“Mark my words, zero carbon ethanol is coming” –  
Geoff Cooper, CEO, Renewable Fuels Association*

# The Road Ahead...





## Questions and Answers

*Thank you!*