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Transcript of
Aemetis
First Quarter 2019 Earnings Review Conference Call
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Participants

Todd Waltz - Executive Vice President and Chief Financial Officer
Eric McAfee - Chairman & CEO

Analysts

Ed Woo – Ascendiant
Scott Ozer – SANDLAPPER Securities
Tom Welsh

Presentation

Operator
Welcome to the Aemetis First Quarter 2019 Earnings Review Conference Call. At this time, all participants are in a listen-only mode. A brief question and answer session will follow the formal presentation. As a reminder, this conference is being recorded.

It is now my pleasure to introduce your host, Mr. Todd Waltz, Executive Vice President and Chief Financial Officer of Aemetis. Mr. Waltz, you may begin…

Todd Waltz - Executive Vice President and Chief Financial Officer
Thank you, Rob. Welcome to the Aemetis First Quarter 2019 Earnings Review Conference Call. We suggest visiting our website at Aemetis.com to review today's earnings press release, updated corporate presentation, filing with the Securities and Exchange Commission, recent press releases, and previous earnings conference calls. This presentation is available for review or download on the Aemetis.com home page. Before we begin our discussion today, I'd like to read the following disclaimer statement.

During today's call, we will be making forward-looking statements, including, without limitation, statements with respect to our future stock performance, plans, opportunities, and expectations with respect to financing activities and the execution of our business plans. These statements must be considered in conjunction with the disclosures and cautionary warnings that appear in our SEC filing. Investors are cautioned that all forward-looking statements made on this call involve risk and uncertainty, and that future events may differ materially from the statements made. For additional information, please refer to the company's Securities and Exchange Commission filings, which are posted on our website and are available from the company without charge.

Our discussion on this call will include a review of non-GAAP measures as a supplement to financial results based on GAAP. A reconciliation of the non-GAAP measures to the most directly comparable GAAP measures is included in our earnings release for the quarter ended March 31, 2019, which is available on our website. Adjusted EBITDA is defined as net income or loss plus, to the extent deducted in calculating such net income, interest expense, loss on extinguishment, income tax expense, intangible and other amortization expense, accretion expense, depreciation expense, and share-based compensation expense. Now, I would like to review the financial results for the First Quarter of 2019.

Revenues during the first quarter of 2019 were $41.9 million, compared to $43 million for the first quarter of 2018. North America increased the volume of ethanol sold from 16.1 million gallons to 16.2 million gallons, which was offset by a softening price from $1.76 per gallon to $1.68 per gallon, while India's biodiesel price was $851 per metric ton compared to $839 per metric ton with tons sold at 5,286 tons compared to 5,182 tons.

Gross profit for the first quarter of 2019 decreased by $2.2 million to a $400,000 loss, compared to gross profit of $1.9 million during the first quarter of 2018. Selling, general and administrative expenses were $4.2 million during the first quarter of 2019, compared to $3.8 million in the first quarter of 2018, primarily driven by an increase in professional fees. Operating loss was $4.6 million for the first quarter of 2019, compared to an operating loss of $2 million for the same period in 2018.

Interest expense, excluding accretion of Series A preferred units in the Aemetis Biogas LLC subsidiary, decreased to $6.2 million during the first quarter of 2019 compared to $9 million during the first quarter of 2018. Included in interest expense during the first quarter of 2018 was a one-time loan fee charge of $3.6 million. Net loss decreased to $10.7 million for the first quarter of 2019, compared to a net loss of $11.1 million for the first quarter of 2018.

That completes our financial review. Now, I would like to introduce the Founder, Chairman and Chief Executive Officer of Aemetis, Eric McAfee, for a business update. Eric?

Eric McAfee - Chairman & CEO
Thank you, Todd. For those of you who may be new to our company, let me take a moment to provide some brief background information. Aemetis was founded in 2006, and we own and operate production facilities with more than 110 million gallons per year of renewable fuel capacity in the US and India. Included in our production portfolio is a 60 million gallon per year capacity ethanol, distillers grain and corn oil plant located in Keyes, California near Modesto. We also built, own and operate a 50 million gallon per year capacity distilled biodiesel and refined glycerin biorefinery on the east coast of India, near the port city of Kakinada.

Last year, we signed 30 million dollar of non-dilutive equity funding and launched a renewable natural gas project to build biogas digesters at about a dozen local dairies, construct a pipeline connecting the digesters to our Keyes ethanol plant, and install gas conditioning to produce carbon-negative renewable natural gas to displace diesel in trucks. We are also in the late stages of developing a $175 million advanced ethanol production facility to convert waste orchard wood and other waste biomass into 12 million gallons of cellulosic ethanol.

Three of the four businesses are now fully funded, with preliminary term sheets in place for funding of the cellulosic ethanol project. The combination of these growth and cost reduction initiatives are expected to increase our revenue monthly run rate to more than $350 million per year and in excess of $100 million per year of annualized positive cash flow within the next twenty-four months. This growth in revenues and cash flow reflects the upgrades of our existing plants and planned completion of new dairy renewable natural gas and cellulosic ethanol production facilities during 2019 and 2020.

With the consistent support of California regulators and strong LCFS credit prices, Aemetis made excellent progress on each of our four core businesses during the first quarter of 2019, despite the continued lack of full enforcement of federal biofuels law by the EPA.

Let's first review our biodiesel business in India. During the past few years, the tax, regulatory and procurement structure for blending biofuels in India has been developed and we believe it is now being implemented to support the biodiesel industry.

The total diesel market in India is approximately 25 billion gallons per year with 80% imported, of which less than 250 million gallons per year of biodiesel is currently blended. The 2018 National Biofuels Policy stated a plan to increase Biodiesel blending to 5% of the diesel market, equal to more than 1.2 billion gallons per year of biodiesel. The OMC's in India supply about 70% of the fuel consumed in India, and the diesel fuel market has been growing at a rate of more than 5% per year.

After two years of investment and construction, in early 2019 we completed the upgrade of our India plant, including installation of a pre-treatment unit to process lower-cost and waste feedstock into oil; expansion of boiler and other utility capacities; and implementation of environmental systems to enable full production of 50 million gallons per year of biodiesel and bio-oil while simultaneously operating the biodiesel, pretreatment and glycerin refining units. The plant is now fully operating the new feedstock pre-treatment unit, the new boiler unit and other upgrades that now enable plant operations at full plant capacity.

On May 6th of this year, we announced that our Universal Biofuels India subsidiary was awarded a $23 million biodiesel supply contract with the three India government-owned Oil Marketing Companies in a public tender process. Biodiesel shipments to the oil marketing companies are scheduled to begin this month.

During the 2018 construction period, the India biodiesel plant increased revenues 60% to $21.5 million, including shipping about 6 million gallons of biodiesel. However, this increased sales revenue represents less than 15% of the 50 million gallons of biodiesel production capacity that is now in place. We are making excellent headway in ramping up production and revenues by adding new customers in truck fleet, retail stations, and government sectors.

We began retail station sales of biodiesel in India under the Universal Biofuels brand for the first time in Q1 2019. Prior to late 2018, the sale of biodiesel at retail stations was not legal, but an India Supreme Court decision opened the retail channel and we developed a branded franchising model for retail distribution. We are very pleased that we achieved the upgrades at the India plant without incurring any third party long-term debt at the India subsidiary or any ownership dilution to our shareholders.

Aemetis owns virtually 100% of the India subsidiary and, as a result, as cash is created from earnings generated in India, the funds can be used to repay Aemetis senior debt and provide development funding for our other projects. At about $3.00 of revenues per gallon of biodiesel, the upgraded India plant can generate more than $150 million of annual revenues at full capacity. Once the existing capacity becomes fully committed to the expanding biodiesel markets, the India plant has the footprint to expand its capacity to 100 million gallons/year to meet increasing biodiesel demand in India.

In addition to the significant progress in India, our three businesses in the U.S. have achieved major milestones toward sustained profitability. Let's review our California traditional ethanol business.

Similar to our strategy in India where we added a technology to allow the use of a lower cost waste feedstock to produce biodiesel, we have been upgrading our Keyes, California ethanol plant to lower input costs, reduce the carbon intensity of our biofuel, and significantly increase the value of the ethanol we supply to customers including Chevron, Valero, Shell, Flyers and other gasoline suppliers in the 1.5 billion gallon California ethanol market.

Our Keyes plant upgrades include a $5 million membrane dehydration system fully financed by Mitsubishi Chemical as a strategic implementation of the technology for the first time at a corn ethanol plant. The Mitsubishi unit is scheduled for completion in Q4 2019 and will reduce natural gas usage and decrease the carbon intensity of our ethanol, generating an estimated $3 million per year of increased cash flow.

After three years of project development, this month construction began on a project by Linde Gas to build a CO2 liquefaction plant on five acres owned by Aemetis adjacent to the Keyes plant. The CO2 plant will convert the 175,000 tons per year of renewable CO2 produced by our ethanol plant into liquid CO2 for sale to local food processors, beverage producers and other users. The CO2 plant is scheduled for completion by the end of 2019 and is expected to generate a carbon re-use tax credit of $35 per ton for more than 100,000 tons of CO2 per year, in addition to more than one million dollars per year of increased cash flow from CO2 sales and related land lease. Additional projects at the Keyes plant are targeted to further reduce natural gas usage and costs, thereby increasing the number of Low Carbon Fuel Standard credits generated by each gallon of ethanol we produce.

Next let's discuss our advanced low carbon renewable fuel strategy for a moment. With the extension of the Low Carbon Fuel Standard in California to year 2030 and the resulting increase in the price of California Low Carbon Fuel Standard credits from $62 in mid-2017 to more than $190 per credit this year, we have targeted our biofuels expansion projects to the production of valuable below-zero-carbon renewable fuels through the use of patented and proprietary technologies that convert waste wood and other cellulosic feedstocks into biofuels.

The criteria we used to identify the most profitable opportunities in the renewable fuels industry was a combination of maximizing the California LCFS credit value and the federal Renewable Fuel Standard value. The price of Federal Renewable Identification Numbers for biodiesel and other products change according to supply and demand, with one exception. Congress decided more than ten years ago that D3 RINs would be set by law in order to attract funding from investors to build production capacity of cellulosic biofuels and renewable natural gas.

The D3 RIN is priced to provide investors with about $3.50 per gallon of value, plus the California Low Carbon Fuel Standard value if the biofuel is sold in California. However, D3 RINs are only generated by cellulosic ethanol and renewable natural gas, and the highest amount of LCFS value is generated from dairy biogas and orchard wood that would otherwise be burned, such as waste almond orchard wood.

So, the Aemetis advanced biofuels businesses are California dairy renewable natural gas production and pipelines, and converting California waste orchard wood from about 1.5 million acres of almonds and walnuts into cellulosic ethanol. With about 1,200 dairies and more than 1.6 million tons per year of waste orchard wood within 150 miles of the Aemetis plant in California, Aemetis can grow to more than $1 billion of annual revenues and $500 million of annual cash flow by converting waste dairy biogas and waste orchard wood in the Central Valley of California into valuable low carbon renewable fuels. Since we are utilizing local feedstocks, all of our renewable fuels customers are located within 50 to 100 miles of our biofuels and biogas production locations.

Let's briefly review our Aemetis Biogas dairy digester and pipeline project. Methane, commonly known as natural gas, is a potent greenhouse gas that is up to 34 times more powerful than carbon dioxide at capturing Earth's heat. About 25% of California's methane emissions are from the waste ponds on dairy farms. To reduce damaging methane emissions, in late 2016 California passed a law known as Senate Bill 1383 that mandates the capture of biogas from dairies in order to reduce methane emissions. Along with the mandate, California has funded about $75 million of annual matching grants to dairies to build biogas digesters and related systems.

Biomethane sourced from dairies can be used to replace gasoline or diesel fuel in trucks and buses to significantly reduce carbon emissions and air pollution. After more than a year of project development and financing work, we recently announced a fully financed 30 million dollar project and an award from the California Department of Food & Agriculture of two matching grants for a total of $3 million to build a dairy biogas project. We have filed for additional matching grants to fund approximately 50% of project dairy costs to capture biogas from these dairies in onsite digesters, deliver the biogas to our ethanol plant via a new pipeline, then either use the biogas in our existing boilers or convert the biogas into biomethane.

Biomethane is commonly known as renewable natural gas or RNG. The biomethane can either be sold directly to trucks at the Keyes plant or injected into the utility natural gas pipeline for delivery anywhere in California to be used in trucks to displace petroleum diesel.

On a scale of the carbon intensity of different fuels, the Carbon Intensity of biomethane captured from dairies is approximately negative 275. Since the carbon intensity of gasoline and conventional diesel is about a positive 100, biomethane is about 375 Carbon Intensity points lower than gasoline as a transportation fuel. We believe that capturing biogas from dairies and converting it into Renewable Natural Gas to generate negative Carbon Intensity biofuels is an excellent way to reduce climate change and create value for dairies and lower costs for diesel truck fleets.

Based on our existing animal feed supply relationships with about 100 dairies and the ability to use biogas in our plant until utility pipeline approvals are obtained and pipeline injection is completed, we believe that Aemetis is uniquely positioned as one of only three ethanol companies in California.

To allow a rapid deployment of the project, Aemetis recently announced a $30 million preferred equity financing by the new Aemetis Biogas subsidiary, with investments from a portfolio company of our senior lender Third Eye Capital. We are very pleased that the funding was accomplished with no dilution to the shareholders of the Aemetis parent company, and the equity is structured to automatically repurchase the preferred stock from biomethane operational cash flow.

Prior to the full redemption of the preferred stock, Aemetis receives 25% of free cash flow with the remaining 75% of free cash flow used to redeem preferred stock. After redemption of the preferred stock, Aemetis will receive 100% of ownership of the dairy biogas project assets and ongoing cash flow.

Construction of the first two dairy digesters and related pipeline system is expected to be completed this year, followed by the completion of the remaining digesters and systems in the first phase within the next year thereafter. We expect the Aemetis Biogas business to scale up to generating more than $2 per share of recurring annual positive cash flow after completing the expanded planned project of three dozen dairies and redeeming the preferred stock.

Let's finish with an update on our below zero carbon cellulosic ethanol project in Riverbank, California.

We were pleased to announce this past summer that the Aemetis Advanced Biorefinery under development in Riverbank, California near Modesto was named as the #1 Waste-to-Value Project in the World by Biofuels Digest, the world's largest daily biofuels publisher.

The Aemetis project earned its #1 ranking as a result of our fixed price, low cost almond and walnut wood waste contract for twenty years with a cost of only about $20 per ton for the first half of the contract period; our planned production of high value cellulosic ethanol worth more than $5 per gallon including valuable fish meal and other byproducts; and our use of the patented Lanzatech gas microbe ethanol production technology. The Lanzatech technology is now in full commercial operation at a plant that opened last year in northern China that converts waste gases from a steel plant to produce ethanol.

This year, we announced three significant financings related to the Riverbank project: a $5 million California Energy Commission grant to fund engineering and equipment; a $12.5 million tax waiver that offsets equity funding required for the project; and the signing of a $125 million US Department of Agricuture Conditional Commitment letter for a 20-year debt financing under the 9003 Biorefinery program.

Now that the USDA loan guarantee has been signed, we are focused on completing engineering of the plant required for the negotiation of the EPC contract that will include a bonded, maximum construction cost as required by the USDA Conditional Commitment letter. The Riverbank cellulosic ethanol plant is expected to generate more than $80 million of revenue and more than $50 million per year of positive cash flow by producing cellulosic ethanol from low cost waste orchard, vineyard, forest and construction/demolition wood as feedstock. The financial closing to begin construction of the Riverbank plant is expected in late Q3 or early Q4 2019.

In summary, we believe that the strong growth occurring at our India plant, which has no long-term debt; the increased profit margins from plant upgrades related to the Keyes biorefinery; the funded Aemetis Biogas dairy digester and pipeline project; as well as our deployment of the patented Lanzatech cellulosic ethanol technology at the Riverbank plant under development, has positioned Aemetis to rapidly produce expanding positive cash flow from the production of low carbon, clean-burning, high performance renewable fuels from abundant, low cost, waste biomass feedstocks.

Now, let us take a few questions from our call participants. Rob?

Operator
Thank you, Mr. McAfee. We will now be conducting a question-and-answer session. [Operator instructions]. One moment please, while we poll for questions. Our first question comes from Ed Woo, with Ascendiant. Please proceed with your question.

Q: Yes, thank you for taking my question. My question is on the core ethanol business. What's your outlook for ethanol pricing near term?

Eric A. McAfee – Chairman and Chief Executive Officer
Ethanol pricing near term has an upside opportunity in that any meaningful enforcement of the renewable fuel standard will garner up to as much as $0.80 per gallon increase. We're currently selling our product for about $1.70 in California, and less than a quarter mile away, after tax it's sold at retail for about $3.50 a gallon. In that calculation you can see there is $1.80 of value that is being garnered for driving our fuel basically to the rack, and then from the rack to the retail station and selling it. That $1.80 easily could be 50% or more to us, so we have a very significant upside in the pricing.

This is all being driven by the supply/demand curve in the US, which has been temporarily depressed by the EPA issuing about 2.5 billion gallons of refinery waivers. This month we should see the decision on the 2018 refinery waivers, which if that decision goes in compliance with federal law, you'll see RINs, the piece of paper the oil companies have to deliver to the EPA, increase in value significantly and the physical demand for biofuels, specifically ethanol, increase significantly as well. We could see a very dramatic upside in ethanol just because everybody in California's already spending $4.20 a gallon, and you take out $0.70 of taxes, you end up with $3.50 going for the fuel, of which currently we're garnering less than half of that $3.50.

My projection on price is no change, that we're going to be at the $1.70 range for the foreseeable future, but that there should be the political winds of the fellow that would like to be re-elected President, this will drive enforcement of biofuels law—and, of course E15, which is again, this month scheduled to be approved. That's a 50% increase of biodiesel market size in the US that would become law for the first time, and would again, drive increased demand. I see very significant upside, by my projection would be a flat price.

Q: Great. Then, looking towards the price of oil, I know it has a direct impact on your biodiesel plant. What's your projection for oil, and has this recent increase in prices been positive for your business? Do you think it is sustainable?

Eric A. McAfee – Chairman and Chief Executive Officer
Very good question. As you know, oil was at $44 late last year, it currently is in the low $60 range, hit a high of $64 recently. My projection for crude oil is it's going to be in the $55 to $65 range for the foreseeable future, with the balance between Mohammad bin Salman, the young man running Saudi Arabia, and another young man running the United States who have different interests in terms of the price of crude oil. But the Saudi Arabians need a $70-plus price of crude oil, West Texas Intermediate, in order to not be running negative cash flow every month as they fund their domestic economy and military expenditures.

There is an upward price pressure from the Saudis and downward price pressure through Twitter from the US President. I think we're in a very nice range in which prices have not damaged the US economy. The Saudis of course, are trying to avoid an energy cost increase that would stall the US as a primary customer, and the current prices at the pump are stiff and expensive, but not enough to actually slow down economic growth. We're really in a sweet spot here between $55 and probably as high as being $70 WTI. My projection would be the $55 to $65 range is going to be sustained for a long period of time.

Q: Great, and last impact on India, you think that the current prices you will be able to hit those revenue potential possibilities for your India plant?

Eric A. McAfee – Chairman and Chief Executive Officer
Yes. Actually, this is a very bullish time for our India plant, because the India government in late 2014 stopped subsidizing the importation of crude oil in general, and in so doing allowed the price of diesel to increase as the price of crude oil worldwide increases. Going from $44 crude oil to $60-plus crude oil, West Texas Intermediate price, has had a very positive impact on our margins in India at the same time at which the waste feed stock that we use to operate our plant has largely been flat or even down in pricing and is perceived to be relatively stable on an ongoing basis as we use more and more waste feed stocks and they don't have alternative markets available.

It's a very, very bullish time to be in the biodiesel business in India, domestic demand now driven by the government, who came out about five months ago with a tender, a public bidding process for all of the biodiesel capacity in the entire country. We could have bid 50 million gallons to the government; instead we bid only about 20% of that, so we have about 80% of our plant capacity that is growing our presence in the trucking industry, the retail industry, and other industries in which we are seeing very strong domestic demand. We made a business decision to allow ourselves to expand into these new markets and be a significant supplier and a diversified customer base. The $23 million purchase order that we announced literally represents less than 20% of our plant's capacity; it's only about 15% of our plant's capacity.

Q: Great, well thank you for answering my questions, and good luck. Thank you.

Eric A. McAfee – Chairman and Chief Executive Officer
Thank you, Ed.

Operator
Our next question comes from Scott Ozer, with SANDLAPPER Securities. Please proceed with your question.

Q: Good morning, Eric. A couple of years ago there was some discussion about spinning out some of the India plant in an IPO, and the Indian market has been very, very generous. I was wondering if that's still being considered, and if so, how close that is.

Eric A. McAfee – Chairman and Chief Executive Officer

Scott, you're exactly right. The Indian market has been very much open as the US market has been for new IPOs. With the India government coming out late last year for the first time with these very large tenders that are now being filled, the optimism among domestic investors in India for specifically renewable biodiesel has taken a turn for the better. The specific opportunity we have is we could expand our contracts with the India government, while also at the same time expanding our capacity from 50 million gallons to 100 million per year. Since we sell biodiesel for about $3, we also have a byproduct called glycerin; 100 million gallons a year would represent over $300 million a year of revenue up from only $21 million in 2018, so that's a very significant revenue increase on a relatively small capital investment because we designed the plant with a 100 million gallon footprint.

The upside there for an IPO in India definitely exists. We, just this month, start shipping under that government contract, so this is now opening up these discussions with investment bankers again about what the appropriate timing would be for an IPO. I do think that there's a tremendous amount of value that can be unlocked in the India subsidiary, and we intend to fully actualize on whatever that opportunity is. Today, I don't have a projection of what an IPO date would look like, but certainly it's time to have those discussions because both the energy markets and the regulatory environment for biodiesel come together very nicely to create basically a billion gallon capacity increase in India, that's $3 billion of new revenue. We are the leading supplier, so we have an opportunity to capture a large portion of that as the India government demonstrates their desire for a 5% blend of biodiesel.

Five percent, by the way is not the end. India is the only major country in the world that has allowed a 100% replacement of diesel with biodiesel. Our customers—other than the government that blends at 5%—our customers largely displace all the diesel in their vehicles with our product, so it's a 25 billion gallon diesel market, and I haven't done the math, but I would estimate at least 20 billion gallons of that could be literally completely displaced with biodiesel or renewable diesel. There is, I wouldn't say unlimited, but a very significant $60 billion per year, 20 billion gallon market that we are a lead player in, and we invested ten years to be where we're at today, where the regulations and the market conditions of crude oil prices have come together to make us a very nicely profitable, fast-growing business with a significant upside, and that's of course, what drives the IPO discussions in India.

Q: Okay, thank you.

Eric A. McAfee – Chairman and Chief Executive Officer
Thank you, Scott.

Operator
Our next question is from Tom Welsh, a private investor. Please proceed with your question.

Q: Thank you. Question number one, can you break out for us what it might mean when ZEBREX finally comes on the line as far as a per gallon increase in cash flow?

Eric A. McAfee – Chairman and Chief Executive Officer
It's about $3 million per year, so with about 65 million gallons of current production, call it $0.05 per gallon.

Q: All righty, great. Could you do the same for the CO_2 production?

Eric A. McAfee – Chairman and Chief Executive Officer
CO_2 production, if we get the $35 tax credit, which is the new tax law from last year, and it specifically provides for the reuse of CO_2. We intend to submit it, subject to the IRS coming back with some strange interpretation. If we have 175,000 tons per year of CO_2 we produce, so theoretically the maximum amount we could get would be $35 times 175,000 tons, which is about $6.1 million a year of cash flow. On top of that we have about $1 million,

almost $1.5 from selling the actual CO_2 molecule and leasing the land, so the highest theoretical amount we could get would be $6.1 million plus $1.5, about $7.6 million a year of total increased cash flow, which is for—we have 20 million shares outstanding, that would be roughly $0.35 a share. Now, I say theoretical because it's a ramp-up of CO_2 use by the Linde Gas Company and their spin-out, or I should say the asset is now owned by a company called Messer [ph]. It won't be the first year that we do the 175,000 tons, but I would expect the ramp-up to be 100,000 to 150,000 tons over a couple years.

Q: Very good. In regards to the federally imported or guaranteed loan, currently, it's a conditional commitment. You said that one thing that needs to happen under that conditional commitment is a bonded maximum construction cost. Any other things that need to happen under that conditional commitment to make that happen?

Eric A. McAfee – Chairman and Chief Executive Officer
There are a variety of administrative documents that need to be delivered, but the only major milestone is actually signing the EPC contract and the related documents around that contract. All the other items, the major milestones have already been achieved. The 20-year feed stock contract, the 55-year lease on the property, the building of the demonstration facility, operation of it for 120 days including startup and shutdown every month, the independent engineering report, those all cost a lot of time and our total investment we show is about $10 million over that three-year time frame, but those are now in place. The conditional commitment largely is just completing this EPC contract.

Q: Very good. In regards to biodiesel, I know you've looked at this for a long time, but now with the upgrades to the biodiesel plant, it's going to be a little more complicated to double your capacity there. Do you have an idea of how many months it might take, once you hit capacity at the plant, how long it would take to double that capacity?

Eric A. McAfee – Chairman and Chief Executive Officer
We have a quote from a vendor to double our capacity in about a ten-month time frame. Upon us determining that the current plant, which has revenue of over $150 million a year, I think I just did the math at $168 million a year, that that capacity has been fully allocated, we would be making an executive decision to go forward. If you want to round it, you'd probably say it'd take 12 months, but the actual vendor process is about a ten-month process for that expansion.

Q: That's really good. Okay. Last question that I have for you, last conference call you talked about bringing on potentially new fleet business. One that you mentioned was a mining company that they wanted to switch over to biodiesel and other was a cement company, I think. Can you comment on new vendors or new fleet users for the biodiesel segment?

Eric A. McAfee – Chairman and Chief Executive Officer
I congratulate you for actually reading what we write, so thank you so much for that. We do expect to see some announcements coming soon about those markets which have done extremely well recently. As we have a solid tax regime that's settled down in India under this GST arrangement, we found that the mining and construction industries have emerged as being very large consumers of diesel, which as has a high tax rate. By displacing that with biodiesel and getting the benefits of low carbon emissions and a bunch of other things, they also get the benefit of a cheaper fuel. We expect to be announcing some milestones that have been achieved in those sectors over the next month or so.

Q: Very good. That ends my questions, thank you.

Eric A. McAfee – Chairman and Chief Executive Officer
Thank you very much.

Operator
At this time, we have run out of time for our question-and-answer session. I'd like to turn the floor back over to management for closing comments.

Eric A. McAfee – Chairman and Chief Executive Officer
I'd like to thank everybody who joined us today. We look forward to meeting with you and continue our dialog about pursuing growth opportunities at Aemetis.

Todd Waltz – Executive Vice President and Chief Financial Officer
Thank you for attending today's Aemetis Earnings Conference Call. Please visit the investor section of our Aemetis website where we'll post a written version and audio version of this Aemetis Earnings Review and business update.