

Transcript of
Aemetis, Inc.
Third Quarter 2020 Earnings Review Conference Call
November 12, 2020

Participants

Todd Waltz - Chief Financial Officer
Eric McAfee - Chairman and Chief Executive Officer

Analysts

Edward Woo - Ascendant Capital Markets LLC
Craig Irwin - ROTH Capital Partners
Marco Rodriguez - Stonegate Capital Partners, Inc.
Tom Welch - Ameriprise Financial Services, Inc.
Massimo Fiorella - Private Investor

Presentation

Operator

Welcome to the Aemetis Third Quarter 2020 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 call is being recorded.

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

Todd Waltz - Chief Financial Officer

Thank you, Melinda. Welcome to Aemetis Third Quarter 2020 Earnings Review Conference Call. We suggest visiting our website at aemetis.com to review today's earnings press release, updated corporate presentation, filings 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 homepage.

Before we begin our discussion today, I'd like to read the following disclosure statements. During today's call, we'll 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 filings. Investors are cautioned that all forward-looking statements made on this call involve risks and uncertainties, 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 non-GAAP measures to the most directly comparable GAAP measures is included in our earnings release for the quarter ended September 30, 2020, which is available on our website.

Adjusted EBITDA is defined as net income or loss plus to the extent deductible in calculating such net income, interest expense, loss on extinguishment, income tax expense, intangible and other amortization expense, accretion expense, depreciation expense, loss contingency on litigation and share-based compensation expense.

Now, I'd like to review the financial results for the third quarter 2020. Revenues were \$40.9 million for the third quarter 2020 compared to \$57.4 million for the third quarter of 2019, driven by reduction in the price of ethanol and delays in the India government oil marketing company's biodiesel bidding process.

Gross profit for the third quarter 2020 was \$771,000 compared to a gross profit of \$4 million during the third quarter 2019. Selling, general and administrative expenses remained flat at \$4.6 million during the third quarter of 2020 compared to \$4.5 million during the third quarter of 2019.

Operating loss increased to \$3.8 million for the third quarter of 2020 compared to an operating loss of \$600,000 for the third quarter of 2019. Interest expense during the third quarter of 2020 was \$6.5 million, excluding accretion in connection with the Series A preferred units in the Aemetis Biogas LLC subsidiary, compared to \$6.3 million during the third quarter 2019.

The Aemetis Biogas LLC subsidiary recognized \$1.8 million of accretion in connection with preference payments on its preferred stock units compared to \$600 million during the third quarter of 2019.

Net loss was \$12.2 million for the third quarter 2020 compared to a net loss of \$7.2 million for the third quarter 2019. Adjusted EBITDA was negative \$2.5 million for the 3 months ended September 30, 2020.

Cash at the end of the third quarter of 2020 was \$79,000, compared to \$656,000 at the end of 2019. That completes our financial review for the third quarter 2020. Now, I'd like to introduce the Founder, Chairman and Chief Executive Officer of Aemetis, Eric McAfee for a business update. Eric?

Eric McAfee - Chairman and Chief Executive Officer

Thank you, Todd. Aemetis was founded in 2006. We have grown into 4 lines of business which are focused on producing renewable fuels, including: low carbon and below zero carbon intensity ethanol; biodiesel; waste-wood ethanol and byproducts, including carbon dioxide and corn oil; renewable natural gas including below zero carbon intensity dairy biogas for transportation fuel.

Health safety products including high-grade alcohol, refined glycerin, blended hand sanitizer gel and liquid, sanitizer wipes and other health safety products and technology development to maximize the value of our products and processes.

We own and operate production facilities with more than 110 million gallons per year of capacity in the U.S. and India. Included in our production portfolio is a 65 million gallon per year high-grade alcohol, fuel 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, refined glycerin and distilled biodiesel biorefinery on the east coast of India near the port city of Kakinada. I encourage you to consider viewing our updated video and slide presentation about Aemetis, which can be found on the homepage of our website.

During the third quarter of 2020, Aemetis achieved important milestones toward revenue growth and sustained profitability in each of our 4 lines of business. Let's start with a review of our new Aemetis Health Products business.

In response to a national shortage of hand sanitizer, which is recommended by the Centers for Disease Control to help slow the spread of the COVID-19 virus, in late March 2020, the FDA and the TTB issued temporary regulations allowing fuel ethanol plants to produce alcohol for hand sanitizers.

Responding to this approval and the spike in demand for sanitizer products, Aemetis delivered our first sanitizer alcohol within a few days after the announcement through a post-processing arrangement that was formed with a local wine and spirits producer. Then we installed equipment and process upgrades at our ethanol plant to produce higher-quality ethanol for health, safety and personal care markets.

We quickly discovered that Aemetis has a sustainable advantage over Midwest ethanol producers. They have very high transportation costs. And the Aemetis Keyes facility is just a 4-hour drive to Los Angeles where most bottlers and co-packagers are located in the West Coast.

Most Midwest plants were transporting alcohol for sanitizer from the Midwest to California, using fuel ethanol trailers and railcars. Fuel ethanol uses gasoline as a denaturant in the finished product. So producers who use fuel ethanol tankers and rail cars were tainting the product with benzene and other dangerous chemicals.

We arranged a \$2 million lease purchase of 15 new bulk tanker trailers to be used solely for the transport of Aemetis high-grade alcohol, allowing us to deliver up to 20 loads per day of our high-grade alcohol to West Coast blenders and bottlers from our Central Valley plant and eliminating the risk of transportation contamination.

In addition to using new uncontaminated bulk alcohol trailers, our California high-grade alcohol plant location is about 2,000 miles closer to customers in the Western United States compared to Midwestern alcohol producers. Aemetis has a permanent transportation cost advantage with

Western U.S. sanitizer alcohol customers over Midwest ethanol producers, due to our California production plant location.

During Q2 2020, we began shipping large quantities of hand sanitizer alcohol from our plant in California into the rapidly growing health, safety and personal care markets. To expand our product-line and support customers in the U.S. and Canada, we launched the Aemetis Health Products subsidiary to manage the development, production and marketing of our sanitizer products.

Additionally, our India plant has supplied refined glycerin, a key ingredient in sanitizer products into the health products market.

We believe that, year to date, Aemetis has operated the largest production plant for high-quality sanitizer alcohol in the western U.S., while also owning and operating one of the largest pharmacopoeia-grade refined glycerin production plants in Asia.

To expand our market position and maximize margins, during the third quarter, Aemetis Health Products filed FDA registrations to obtain National Drug Codes for our own hand-sanitizer product blends, and began the production of Aemetis branded gel hand sanitizer.

Our 1 gallon hand sanitizer, sold under the Aemetis brand has been approved by a leading online marketplace and should be shipping soon, with additional sizes planned for production. We market the Aemetis brand to retailers and customers with, "Made in California," on the label, in contrast to imported products from Mexico and China, many of which were banned by the FDA due to toxic levels of methanol.

We continue to invest in the upgrading of our production facilities that we believe will allow us to deliver U.S. pharmacopoeia-grade alcohol starting in Q2 2021. Our total investment and upgrades for the production and storage of USP medical-grade alcohol is expected to be approximately \$15 million, of which more than \$12 million has already been funded or will be reimbursed by grant funding.

Our expanding product-line of high-quality and medical grade alcohol used for hand sanitizer, alcohol wipes and alcohol sprays and other health safety products is expected to meet the demands of the long-term market driven by the adoption of antiviral products by governments, schools, private industry, and consumers. Even if the COVID-19 virus is as an imminent health safety threat, is resolved in the U.S. during the next year or 2 by a new vaccine.

The health safety standards being widely adopted to reduce the transmission of viruses, including the common flu and colds will expand the ongoing use of alcohol sanitizers as disinfectants, especially at schools, government buildings, offices, sports arenas, airports, stores, and other locations with groups of people in close proximity.

Let's review our Aemetis Biogas dairy digester and pipeline project. At Aemetis, we are focused on significantly reducing the carbon content of our products, thereby maximizing the value of

carbon credits under the California Renewable Fuel Standard, and the value under the Federal Renewable Fuel Standard, while reducing operating costs by using waste materials.

Using our own waste products or using waste products in the local area that are generated by the use of the products we sell the local customers, the sustainability of our process could benefit all the parties in the value chain. An excellent example of this circular bioeconomy is our dairy renewable natural gas business.

In September 2020, we completed construction of the first 2 out of 18 dairy biogas digesters in the Aemetis Biogas Central Valley Dairy project, including onsite dairy biogas clean up the pressurization, a 4-mile pipeline owned by Aemetis and a boiler unit at the Keyes plant. We are now generating below zero carbon intensity, renewable natural gas that is being used at our alcohol plant to displace petroleum natural gas.

Methane, commonly known as natural gas is a potent greenhouse gas, that is up to 30 times more powerful than carbon dioxide at capturing earth's heat. About 25% of California's methane emissions come from the waste ponds on dairy farms. To reduce damaging methane emissions, in late 2016, California passed a law commonly known as Senate Bill 1383 that mandates a 40% reduction in methane emitted by large dairy lagoons.

Biomethane source from dairies can be used directly in the form of renewable compressed natural gas to replace gasoline or diesel fuel in cars, trucks and buses to significantly reduce carbon emissions and air pollution. To support the state mandate, California is funded up to \$75 million per year of matching grants to dairies to build biogas digesters and related systems.

To date, Aemetis has applied for or been awarded about \$22 million of grants for biogas and energy efficiency to support our conversion to low carbon and below zero carbon intensity power to operate our California biorefinery and related biogas operations. We believe that capturing biogas from dairies and converting it into renewable natural gas to generate negative carbon intensity transportation fuel is an excellent way to reduce climate change, great value for dairies, and reduce costs for diesel trucks, fleets and potential for electric vehicles by conversion of dairy renewable natural gas to electricity for transportation use.

We're uniquely positioned as 1 of only 2 ethanol plants in California that can maximize the value of biogas. We are able to use biogas in our plant until our planned utility pipeline interconnection and gas upgrading is completed within the next 6 months. And we received \$1 million grant to install our own renewable natural gas fueling system at our Keyes plant for CNG trucks.

After more than a year of project development and financing work, last year we announced \$30 million of equity financing to build biogas digesters at the first 2 dairies in our biogas project. Our institutional investor is working with us to expand this funding with \$25 million of additional equity funding to complete the total of 18 dairies within the next 18 months. We initially signed 18 participation agreements with dairies, the majority of which have now been converted into 25-year land lease and the newer supply agreements. We plan to complete construction of the remaining 16 lagoon digesters again during the next 18 months.

Aemetis owns a 100% of the common stock of the Aemetis Biogas subsidiary. The dairy biogas project has been funded by preferred stock issuance by the Aemetis Biogas subsidiary to a fund managed by Third Eye Capital, which we expect to expand to \$55 million of funding, along with grants from state and federal programs. There is no dilution to Aemetis parent company shareholders for the biogas project, and Aemetis received 25% of the cash generated by biogas project operations.

The preferred stock is automatically repurchased at 3 times original issuance price, using 75% of biogas operating cash flow. After the preferred stock is redeemed, Aemetis as a sole common shareholder will own 100% of the cash flow and assets of the biogas digester and pipeline system for the remaining balance of the 25-year contracts with dairies.

Let's discuss progress at our California ethanol plant. The global COVID-19 crisis that began during Q1 2020 and caused operational shutdowns for many businesses during Q2 and Q3 2020 has also provided challenges to our business. Protecting the health of our employees, while continuing to operate our California ethanol plant to supply animal feed to more than 75 local dairies, occurred during a time period in which the demand for biofuels in Q2 2020 decreased significantly due to the steep decline in gasoline consumption during California shelter-in-place orders.

However, as the economy began to open up in June, fuel ethanol demand partially recovered during Q3 2020, resulting in an 11% increase in ethanol gallons delivered compared to Q2 2020; and an increase in Q3 distillers grain shipments for animal feed.

Aemetis operates in 3 of the federal essential critical infrastructures. We have been able to continuously operate our California ethanol plant this year in order to provide transportation fuel, alcohol for sanitizer products, and dairy feed. By implementing stringent PPE and worker safety policies, we were able to continue construction of plant upgrades and building our dairy renewable natural gas project without interruption, despite COVID shutdowns and operating restrictions that impacted many other companies in California.

To increase the value of our high-grade and fuel ethanol, and to reduce the cost of operation of our production plant, we are currently implementing several upgrade projects related to the California plant, including:

1. Building 2 new distillation columns and related systems to produce high purity U.S. Pharmacopeia grade alcohol for sanitizers, known as USP grade to begin operation in Q2 2021;
2. Installing 5 new stainless steel tanks for USP and beverage high-grade alcohol storage and load out, increasing our storage capacity by more than 250,000 gallons.
3. Completing the installation of a new \$7 million zeolite membrane dehydration unit for Mitsubishi to reduce natural gas use of the alcohol plant by replacing our molecular sieves with electrically powered equipment, which will reduce the carbon intensity of our fuel ethanol, and it's partially funded by \$1.5 million energy efficiency grant.
4. Adding high efficiency heat exchangers to reduce natural gas use at the alcohol plant, reimbursed by \$1.3 million energy efficiency grant.

5. Installing a solar panel micro grid array with battery backup to replace natural gas with solar electricity, while optimizing energy used throughout the alcohol plant, primarily funded by an \$8 million California Energy Commission grant.
6. Designing and building a mechanical vapor recompression or MVR system to significantly reduce petroleum natural gas use partially funded by \$6 million California Energy Commission grant.
7. Constructing the dairy biogas digester cluster and pipeline to deliver renewable natural gas to the alcohol plant from the initial 2 dairies this year with plant expansion to an additional 16 dairies next year, along with an interconnection to the utility gas pipeline.

This biogas project is scheduled to generate approximately \$40 million per year of operating cash flow under 25-year dairy supply contracts [and] is being primarily funded with \$55 million of expected automatically redeemed preferred equity being issued by the Aemetis Biogas subsidiary. When completed, these upgrades are designed to eliminate nearly 85% of the petroleum natural gas use of the alcohol plant, saving up to \$7 million per year of natural gas and pipeline costs.

The California biorefinery will primarily operate using high efficiency electric motors and pumps powered by renewable power sources. The construction of the \$7 million membrane dehydration system financed by Mitsubishi Chemical, Japan, and \$1.5 million energy efficiency grant is currently in the installation process, but was delayed by the COVID-19 crisis due to international travel restrictions and local contractors stopping work under shelter-in-place orders.

The ethanol dehydration unit is designed to significantly reduce petroleum natural gas usage and decrease the carbon intensity of our ethanol, and once implemented, is expected to generate an estimated \$3 million per year of increase cash flow. These projects at the Keyes plant are targeted to significantly reduce carbon intensity by reducing petroleum natural gas usage and costs, while increasing the number of California Low Carbon Fuel Standard credits generated each year.

The potential combined impact of these projects is expected to be more than \$20 million per year of increased operating cash flow at the Keyes plant, not including any expanded cash flow from Aemetis Health Products, sanitizer and health safety products.

Let's review our biodiesel business in India. This week our Universal Biofuels subsidiary in India bid on a portion of a newly issued \$900 million biodiesel purchase order – tender offer, I'm sorry, for about 200 million gallons by the 3 India government oil marketing companies to be delivered over the next 6 months.

Our production capacity at the India plant is about 4 million gallons of biodiesel per month. This large oil marketing company's tender offer is an indication of the rapidly expanding government demand for biodiesel in India to reduce dependence on imported crude oil. The entire production capacity of the approximately 5 India biodiesel production plants is only about one-third of the amount of biodiesel requested to be purchased by the government oil marketing companies, signaling to the market that additional biodiesel capacity is needed to make India biofuels consumption goals.

However, importing biodiesel into India is not allowed under the national biofuels policy. So only domestic production can meet the approximately 1.25 billion gallons per year of biodiesel blending in the goal set by the government. Currently, there's about 250 million gallons of India domestic biodiesel production capacity, and we believe that Aemetis produced and sold largest amounts of any operating biodiesel plant in India during 2020, while the industry waited for government oil marketing company purchasing, which was delayed for 9 months due to the COVID-19 shutdowns in India.

Those are global price of diesel is declined along with the price of crude oil. The domestic price of diesel in India has remained largely unchanged due to increased India government taxes that offset crude oil price declines. Since our biodiesel is sold at a price linked to India domestic diesel prices. Our biodiesel prices in India have remained steady, despite the significant decrease in the price of crude oil.

The rising cost of feedstock relative to the price accepted by the government oil marketing companies is the primary barrier to operation of our India biodiesel plant at full capacity, which would generate more than \$150 million of annual revenues. Due to the COVID-related increase in demand, the refined glycerin prices received by our India plant have increased in response to the need for hand sanitizer and other consumer products.

Let's discuss our below zero carbon intensity cellulosic ethanol project in Riverbank, California. We were pleased that the Aemetis advanced biorefinery under development in Riverbank, California near Modesto, was named as the number one waste to value project in the world by Biofuels Digest, the world's largest daily biofuels publication.

The California Central Valley has about 1.5 million acres of almond and walnut orchards. Almond orchards have about a 20-year life and then must be removed, creating about 3 billion pounds per year of waste wood. They're usually burned in large piles in the field since there is no market for most of the waste material. The Aemetis Riverbank project earned its number 1 project ranking as a result of our 20-year fixed price, low cost orchard wood waste contracts.

Planned production of high value of renewable fuel and high-grade alcohol from wood waste feedstock as well as valuable fishmeal and other byproducts, and using patented LanzaTech gas microbe ethanol production technology. The patented LanzaTech technology has been in full commercial operation since 2018, at a plant in Asia, and additional plants using LanzaTech technology are being built in China, India and Europe.

In order to close the financing for the Riverbank plant construction, we're completing the final permitting and engineering of the plant required for the negotiation of the EPC contract that will include a bonded maximum construction cost. The Riverbank cellulosic ethanol plant is expected to generate more than \$80 million of revenue and more than \$50 million per year a positive cash flow by producing cellulosic ethanol from low-cost waste orchard vineyard and forest wood as feedstock.

The circular bioeconomy created by the Aemetis Riverbank waste wood renewable fuels and high-grade alcohol plant will provide benefits to the local environment and community by eliminating field burning of the 3 billion pounds per year of waste orchard wood in the California Central Valley. That will reduce air pollution and improve the health of residents, while displacing carbon in terms of feedstock with below zero carbon intensity waste orchard wood feedstock.

We can easily use forest waste wood in the Riverbank plant, which has become a major issue for California as we create forest waste wood for managing our forests to reduce damaging wildfires.

Let's wrap up with a quick review of a key milestone achieved by our technology development group in fueling an ethanol engine with waste wood ethanol.

Our technology development team worked with the federally funded Joint BioEnergy Institute in Berkeley, California for 3 years in the development of a process to extract sugars from low-cost waste orchard and forest wood feedstocks to produce high value cellulosic biofuels in our corn ethanol plant, by displacing expensive and carbon intensive corn starch as feedstock.

A \$3 million California Energy Commission grant was awarded to JBEI and Aemetis, which partially funded the years of collaborative work and lab testing that in Q2 2020 resulted in the production of the first carbon-negative fuel ethanol from California orchard wood using ionic liquids.

During the third quarter, our waste wood ethanol was used to fuel the operation of an ethanol engine that generated the same performance and low emissions as traditional ethanol used in the test. The engine technology was originally developed at Stanford University and is a modified diesel engine design that uses ethanol. The engine takes advantage of the high-octane content of ethanol to generate about 30% more torque than an engine running on diesel while creating almost no particulate emissions, and very low emissions since ethanol contains a low level of contaminants compared to petroleum.

With high cost emissions equivalent such as diesel exhaust fluid required to meet increasing air pollution standards, the ethanol engine could be more than double the size – I'm sorry, it could more than double the size of the ethanol market in U.S. to 30 billion gallons per year with only a 20% share of the diesel engine market.

Our patent pending alcohol production process innovation allows the sugar component of low-cost waste wood to be used to replace cornstarch in an existing corn ethanol plant to produce both high-grade alcohol as well as cellulosic fuel alcohol that are each currently valued at more than \$5 per gallon.

Importantly, this process innovation to use sugar from waste wood could be implemented at our existing California ethanol plant, decreasing the cost of corn feedstock and substantially increasing the value of our alcohol. We expect to move forward with a plant to extract sugars

from locally sourced orchard and forest waste wood, thereby enabling the production of high-margin high-grade alcohol and cellulosic ethanol at the Keyes plant by displacing corn feedstock.

In summary, Aemetis has a technology advantage as well as geographic advantages in sanitizer alcohol production; is expanding the production of a diversified range of low-carbon renewable fuels in 2 attractive markets, in California and India; generated \$6 million of positive cash flow and 120% revenue growth at our India plant during 2019; and is now moving past the government's COVID-19 delays in 2020, to be awarded bids and begin shipping onto large government contract for **bio**diesel.

Aemetis has begun the increased profit margins from plant upgrades related to the Keyes biorefinery that began in Q2 2020; has completed the first 2 Aemetis biogas dairy digesters and 4-mile pipeline; and are now powering our biorefinery with waste dairy biogas. And our planned deployment of patented renewable fuels process technology at the Riverbank plant has positioned Aemetis to rapidly produce expanding positive cash flow from the production of high-grade sanitizer alcohol, as well as low-carbon, clean-burning, high-performance renewable fuels from abundant low-cost waste biomass feedstocks.

Aemetis is building below zero carbon intensity products that create a sustainable circular bioeconomy utilizing waste feedstocks to create valuable products by implementing innovative processes.

Now, let's take a few questions from our call participants. Melinda?

Operator

Thank you. The floor is now open for questions. [Operator Instructions] And first, we go to Ed Woo with Ascendant Capital. Please go ahead.

Q: Yeah. Thank you. Can you give us any updates on when the Riverbank project may begin construction and actually when it may become operational?

Eric McAfee - Chairman and Chief Executive Officer

Currently, we're planning to do the project financing in 2021. And the construction cycle should be about 24 months.

Q: Great. And then, also on the – congratulations on getting the biogas projects up and running. When do you think we're going to see more, I guess, dairies being connected and when will we start seeing a greater impact on your financials from this project?

Eric McAfee - Chairman and Chief Executive Officer

The second quarter of next year should see some additional dairies come online. It's a ramp-up over the next 18 months. But we're doing them in roughly 5 dairies, 5 to 6 dairies per group. So we have 2 done now, another 5 to 6, another 5 or 6, another 5 or 6 to get the 18. And so, we'll see – every couple of quarters you'll see another cluster of dairies that get added.

We're building a pipeline as well as dairy digesters. So we extend the pipeline and then we gather up the dairies in that area, that have already signed the 25-year agreements to connect to the pipelines.

Q: Great. And my last question is, what's your overall outlook for oil and ethanol prices? I know, obviously, we're – looks like we're going to have a new President. What's your view on his take in terms of renewable fuel standards and ethanol standards?

Eric McAfee - Chairman and Chief Executive Officer

Ethanol is a 10% blend currently. Under the Trump administration, it was largely approved to become a 15% blend. That's an increase of about 50%, which represents about 7 billion gallons a year of additional demand. That is at a 15% blend. And at the fuel pump even 15% of what you would see at the pump is a very small amount, when you subtract the taxes paid at the pump, then multiply the remaining balance by \$0.15, you're only talking about maybe \$0.25 or \$0.30 of the entire cost of fuel is all of the ethanol.

So if ethanol goes up by only 10%, you're talking about \$0.02 or \$0.03 difference at the pump. Really, the rounding error between – choosing between which gas station you're going to pull into is the actual ethanol margin, that is anywhere from \$0.50 to \$1 of profit for an ethanol plant.

So the function of the fuel ethanol business is solely about supply and demand. And there's been 7.2 billion gallons of waivers by the federal government of the renewable fuel standards since 2013. And I think it's informative, especially, for people that might be newer investors in our company to note that in the last 12 months of enforcement of the federal law, our company made \$10 million per quarter, a total of \$40 million of positive cash flow from operating our corn ethanol plant. And that was when federal law was simply enforced.

And so, the Biden administration and 2 federal court decisions support the idea that we would begin again to enforce federal law that would represent \$40 million per year. By the way, it would represent for us about \$0.60 per gallon of margin. And so, at the pump, it would convert into roughly a \$0.06 difference at the pump for us to make \$40 million per year. So it's not difficult to see a scenario in which either Trump or Biden – certainly looking like Biden, simply this doesn't violate federal law. And in so doing, we're well positioned to do quite well in the fuel ethanol business.

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

Eric McAfee - Chairman and Chief Executive Officer

Thank you, Ed. I appreciate your call.

Operator

Next, we go to Craig Irwin with ROTH Capital Partners. Please go ahead.

Q: Hi, good afternoon. Thanks for taking my questions. So, Eric, congratulations on the momentum in your biogas business. This looks like it could become something really interesting.

You know \$40 million a year over 25 years is \$1 billion in profit off this business. And that's nothing to sneeze at, right?

So, I wanted to ask about some of the underpinning assumptions that you're using to get to the \$40 million a year. Obviously, that's all 18 plants up and running. There's a cost of debt on the \$55 [million] from Third Eye. But there's some basic, fundamental assumptions, including the carbon intensity of these plants, some of the pig slurry facilities out there have CIs of negative 350. The dairy guys typically range in their 200 to 250 range. I mean, are you, are you assuming you'll sort of be in that range?

And then, LCFS credit values, I mean, are you using a full 200 or do you have a discounted value in there? And then, like green gas or landfill gas, right, very often the developer has to give away some of the economics to the landfill owner to facilitate the permitting process. Is there much of an economic sharing agreement with the dairies that are adopting this exciting technology?

Eric McAfee - Chairman and Chief Executive Officer

Excellent insights, Craig. Thank you very much. We're assuming current market price in LCFS, as you know that's been generally rising curve and under California State law increases every year by essentially a fixed amount. So, we're assuming it does not increase and it frankly is not at its maximum. This year's maximum is \$217 in our model. We're assuming approximately \$195. So, CI score flat hundred 195 over 25 years, ignoring cost-of-living index increases allowed by the State of California.

Second is we have the good fortune of being our own consumer. So we generate LCFS credits by putting biogas into our corn ethanol plant. We also generated it by putting it into our own owned CNG fueling stations. So your question about discount, we obviously capture the entire value chain by putting it in our own trucks and putting it into our own plant.

If we went into utility pipeline, the discounts we're seeing today are relatively small. And there's a proposal that they would capture more market value that offset much of that discount. It used to be the discount was pretty large. It was one of the reasons we drove to a building a model where we didn't actually have to use any outside trucks or parties.

And so, we have about 75 truckloads a day to go in and out of our plant. And just fueling our own trucks could really be a built-in customer base. And then, lastly, the 18 that we have on the schedule right now are what is already, what's called part of our relationship with Third Eye Capital.

We do anticipate, we will be 30 or more dairies. We're just going to continue to grow the opportunity. It's just that this first 2 phases. Phase 1 is completed. Second phase is to be completed over the next 18 months, does layout a 40-year picture, which should be in excess of \$40 million per year using the numbers I've described for you.

Q: Excellent, excellent. So then, when we talk to some of the larger green gas developers in the market, right, there's a short list of names. They all describe the cow slurry or pig slurry opportunity. I guess, dairy gas opportunity as difficult to address.

I know there's something like 280 projects that are in development in California. But the big boys, all downplay the dairy gas market, saying that it's actually very hard to serve given the proportionate size of the plants. It seems like you don't find these issues that you found farmers that will be able to give you half dozen plants and make the commitment on one piece of paper. That kind of puts things back in the range – sort of proportionate size closer to that of a landfill gas facility.

But can you maybe speak from your experience in the dairy industry, how Aemetis is doing things different? And what's allowing you to find success here versus some of the other larger project developers that have actually chosen to deemphasize this right now?

Eric McAfee - Chairman and Chief Executive Officer

Right. Craig, you've obviously spent some time talking to large developers. California is the largest dairy shed in the world. They have over a million dairy cows in a very small area, really within about 100 to 150 miles of our plant is about 1,200 dairies. And we feed dairy cows at about 75 of those dairies already. They're existing customers.

What most of the developers, even the two other major developers in California have trouble with, is they have no pre-existing relationship, credibility, or confidence frankly to enter into a 25-year relationship with some guy who shows up with a pickup truck and a cell phone and says, he's a Biogas developer, whereas we have \$150 million of cash invested in the ground. We're feeding their cows every day and have very, very long-term well-established relationships, not only through us but also through our grain supplier and market distillers' grain to them. It goes back decades. And so, we have a very simple relationship with dairies.

They have a liability coming, under Senate Bill 1383, in which, they're going to have to start acting like little oil refiners that are emitting methane. They're going to have to be buyers of carbon credits, unless they can find a way to spend, literally, tens of millions of dollars to build the system we're building, clean it up and sell it to somebody.

And what we offer is they don't have to invest anything. We actually are paying cash bonuses when they sign, and then they get positive cash flow for a 25-year span. And it ends up being a very synergistic, sustainable, circular bioeconomy, where we're selling them the animal feed that creates the manure. We're then turning that into Biogas at our cost, cleaning it up, pipelining it, cleaning it up again, selling it, and then giving them participation in that cash. So, that's accelerated our ability to attract dairies.

And once we put a pipeline into the ground, as you probably know, if you bypass a dairy, they are the disadvantaged one, because their neighbor can sell milk, frankly, at a lower cost than they can, because they don't have the revenue from biogas.

So we're sort of picking the winners, making the big bigger is really what's happening, to tell you the truth.

And so, when we put a pipeline in the ground, we just tend to talk to the neighbors and say that we're going right by your place, you want us to add you in. And it doesn't take long for people to say, "Well, if you don't add me in then, I don't get the cash every month, do I? And then, eventually you're going to have to start buying carbon credits.

So, it's a monopoly business. I would say that directly to dairies. Is it, there's only one of the gas pipelines? There's only one owner of the gas pipeline. And if you're the guy who put the gas pipeline in the ground and you do that by signing up the biggest dairies in an area, all the other dairies will end up interconnecting at very low cost.

So that's our strategy. It's worked very well. And it takes only a couple – not a couple of years, but maybe a decade to build relationships that can execute as quickly as we have.

Q: So then, last question, if I may. I mean, knowing the weight of some of these regulations in California, economically what they mean and how they change behavior, is it feasible for us to take the 18 that you've announced in hand and maybe extrapolate there's an opportunity for that to get much bigger, over the next single-digit number of years?

Eric McAfee - Chairman and Chief Executive Officer

The answer is yes. I'll give you the next follow-up question as a response as well. We are physically close to 75 dairies, because we truck to them every day with water and animal feed that's wet distillers grains. So they need to be kind of relatively close to our plant. And so, our pipeline systems are intended to maximize number of large dairies we can connect up directly to our plant.

We do have an ability to expand beyond just the ones connected to our plant, to putting them – put up smaller pipeline clusters that are farther away from our plant. And with approximately 1,250 dairies in California, I'm going to estimate about 300 of them are extremely attractive biogas customers.

We expect to be the largest actual dairy biogas producer in the United States. I mean, it's pretty easy, because California is the biggest. And so, if you are big – California is the biggest in U.S. And that would entail 30-plus dairies, perhaps many more than that.

So the scalability is really based upon our partnership with our capital partners, a \$3 billion company has been funding us for 12 years. And I think they have a very strong appetite for us to execute well and execute steadily, but just keep on growing. And I wouldn't be surprised at all to end up with more than 50 or even 100 dairies over time, because of our ability to execute, while other competitors are still struggling to find credibility with the dairies.

Q: Great. Thanks for taking my questions.

Eric McAfee - Chairman and Chief Executive Officer

Thank you, Craig.

Operator

Next, we go to the line of Marco Rodriguez with Stonegate Capital Partners. Please go ahead.

Q: Good afternoon, Eric. Thanks for taking the question. I was wondering, if maybe you could talk a little bit more on the healthcare product side of the business. It kind of sounded like in your press release and maybe you guys saw a little bit of pressure for some competitive environment, and maybe you can kind of provide a little color there and just kind of how we should be thinking about the competitive environment there as the year unfolds and into next?

Eric McAfee - Chairman and Chief Executive Officer

I kind of expected there would be some questions about it. We had a tremendous second quarter in a booming market. And what we saw as an industry is unrelated product coming in from Mexico approximately 200 hand sanitizer brands got FDA warnings for violating methanol content. And when you drink hand sanitizer, which you shouldn't do by the way, if its ethyl alcohol, it makes you drunk, if its methanol, it actually causes paralysis, blindness or death. So not a good thing, and over 200 brands came in from Mexico that. And then China, again, largely not tested product coming in from China.

So as retailers and the customers scrambled for product, they bought the product that didn't meet specification, the FDA then stepped in and started writing warnings and bans and recalls, and that cleaning up the market is what we're seeing now.

The final cleanup is going to be when the temporary waiver ceases. Then the product has to meet the traditional good manufacturing practices, facility, plus the U.S. Pharmacopeia medical grade alcohol, which will significantly curtail the number of producers and largely that's what we're investing in, and it is in second quarter next year, that there's really only one large scale sanitizer alcohol producer in the Western United States.

Now what we decided is, not to sit here and sell a bulk alcohol product at commodity prices, but rather to take advantage of the geographical advantage that does not ever go away. That is up to \$1 a gallon of cost to produce alcohol in the Midwest, ship it 2,000 miles to California and put it on the store shelf at Costco, right next to ours. It literally cost an extra dollar and that never goes away. So by going to branded products, and even private label products, you could go into Costco and see our Aemetis brand, as well as you could see the Kirkland brand which is Costco, both of which would be made by us.

And so, we have moved forward with a fully integrated process to take full advantage of what we believe to be an ongoing – slightly growing market, but larger market than what it was certainly before COVID. And our customers are the full gamut of consumers, government and corporate and academic customers that will need an ongoing supply, of not just hand sanitizer, but sanitizer wipes and sprays and aerosols, and all stuff that Lysol is 58% alcohol, that's what kills germs with Lysol.

So, we've taken long-term view, and we're upgrading our plant to be able to be 100% medical grade by the second quarter of next year. And we've spent over \$12 million of the \$15 million required. We just have some additional equipment to arrive and install to be completed with it. And I think it will be a sustainable competitive advantage we have, as we all – I think, we're all kind of wondering how long COVID is going to last, but we certainly have seen people are much more attentive to the protocols of sanitization and that's requiring alcohol supply to be increased.

Q: Got it. And it sounds like you answer kind of my next question just kind of wanted to get an update on the expansion for your healthcare Pharmacoepia hand sanitizer or alcohol rather, is that that's all on track?

Eric McAfee - Chairman and Chief Executive Officer

It is on track with the volatility we expected. And what you probably saw was a lot of shelves getting filled after the second quarter, and then a lot of product that had to be pulled off the shelves. Costco, I mentioned, but they did massive recall on several of their products, and now having to turn to their supply chain and look for more stable long-term direct relationships, preferably local relationships. Our product to both the private label as well as the branded product have "made in California" stickers on them.

So, you're able to end up with basically long-term relationships that are trusted relationships with a customer that really spend \$1 a gallon no matter how they look at it, if they're not going to buy product from us. And that's the – what is it 80 million people on the West Coast United States and Columbia – British Columbia, that all would need to basically just buy our product. So that's why we're making the investment is, we think that there's not a good solution. If we don't do it, these people are stuck with buying products 2,000 miles away.

Q: All right. Thanks, Todd. I really appreciate your time.

Eric McAfee - Chairman and Chief Executive Officer

Sure. Thank you. Appreciate it.

Operator

Next, we go to Tom Welch, private investor. Please go ahead.

Q: Hey, Eric. Thanks for taking my call. When the FDA temporary alcohol waiver goes away – whenever that is, when we don't know, I would guess that you're hoping by that time you are then producing USP grade alcohol. I believe, you're producing GNS grade alcohol currently. So, do you expect any kind of a waiver from the FDA that would allow you to continue to produce, essentially, food grade alcohol for use in sanitizers.

Eric McAfee - Chairman and Chief Executive Officer

We're looking forward to the FDA ending the waiver. We think that we've got at least another 6 months past December before that waiver is going to happen. But we would expect middle of next year that all hand sanitizer will go back to being an over the counter drug regulated product, which requires USP medical grade alcohol. So, we are scheduled to be a producer of USP grade alcohol by the end of the second quarter in order to kind of match up with that timeframe. And I

would not expect that we'd be submitting a request for waiver, we would have to pass the – in excess of 65 million gallons a year of sanitizer alcohol we could ship at the time.

Q: Very good. Thank you. Second question again regards to sanitizer. What percent of your alcohol is currently going – alcohol production is currently going to specifically the Aemetis branded sanitizer. Now in Q2, your goal was to essentially move to 100% alcohol production going to your own branded Aemetis sanitizer. So, can you give us some color on what percent of your production is currently going towards the Aemetis branded sanitizer?

Eric McAfee - Chairman and Chief Executive Officer

Yeah. Just to clarify one point, we – our goal is to move toward sanitizer production, and to fully meet the bulk sanitizer, the branded Aemetis sanitizer, but also private label sanitizer markets. And we even frankly are blending the product. We're putting it together in what essentially is a hand sanitizer gel formula, and then selling it in totes.

So our goal is to just maximize our market position and not really have a reason for any producer, bottler, consumer, retailer, school, anybody west of Colorado to buy any product that doesn't have Aemetis alcohol on it. So our – because of our transportation cost advantage, and very soon the fact that we're USP and nobody else is, we see that as a logical outcome of this thing. So just clarifying it, we're moving toward a multimarket segment strategy, not just Aemetis brand.

And that by the way also might include exports to countries like South Korea and in Japan, who don't really have much domestic supply, but to have a lot of domestic demand for this product, but we're only about 30 miles from – or 40 miles from deepwater ports, we can export to Asia without too much room. So that's our real goal.

For competitive reasons, we do not talk about what percentage we're shipping on a given month or given week or given day. We – on these earnings calls, we've to report the overall number of gallons of ethanol, so we definitely report that. But we will see a transition toward Aemetis branded product, because that is the highest margin product, we are taking the full value chain and selling directly on the online marketplace, which I mentioned we'd been approved for one and we should be up and going, you'll see a press release from us on that, that is where we can maximize our margins. And you'll see hopefully at some emphasis on how governments can buy from us directly, just basically through the online marketplaces as well as through a bidding process, where we're bidding directly for government contracts.

Q: Very good. Switching gears just a little bit, but really on the same track, I just thought it was so brilliant on your part to be switching from a bulk commodity low margin fuel supplier to a retail supplier of finished products. I mean, gosh, I mean, that's just brilliant. Have you ever thought about doing that with your biodiesel sales? Let me just give you, for instance. Right now, when I go into Walmart, I typically will spend \$15 to \$20 on a diesel fuel additive, just to increase the lubricity, and the cetane of the diesels that I drive. 90% of the stuff in that jug that I buy is essentially just diesel fuel, with a 10% of additive.

And it would be really exciting, if you folks had ever entertained the idea of taking your biodiesel and doing a retail sanitizer move on it, with the increased added value of being able to bottle your own biodiesel-based fuel – diesel fuel additive in India. Has that ever crossed the desk? Have you guys ever thought of that?

Eric McAfee - Chairman and Chief Executive Officer

Not specifically as a fuel additive, but interestingly enough, you're right on target. I don't know, maybe it's your own personal experience it gets, you got to here. But interestingly enough in India, you're dealing with very poor population, where \$3 or \$4 is sometimes their entire day's income. And so, we have begun the process of selling at retail in small 1-liter pouches, essentially, it's literally a pouch, it's not a can. And it's enough to fuel a tractor for a few hours or for a day. And it's quite fascinating that that's exactly what we ended up in India was in order to meet the needs of the population.

We started packaging our product into small pouches and eventually could do half gallons or something that a person could walk out of a retail store with some biodiesel. And what's interesting is the personal experience of the people, especially the tractors, is that you're dramatically reducing particulate emissions, and if you've been a tractor driver, it sounds like you've got a diesel vehicle. ~~That~~ **You know that** having exhausted blown in your face with a bunch of black smoke is quite miserable.

In India, one of the reasons our product is quite popular, is it smells, not like petroleum, but frankly smells a little bit like more of a food product, and the particular emissions are reduced by more than 90%. So, they're not getting smoke blown in their face. And, there's of what, 1.1 billion people in India. Over time, I think the channel of being able to supply through retail gas stations, through packets at retail stores, as well as bulk to government, as well as directly to trucking companies, which is a major market for us, and the mining companies. Mining companies have very large vehicles that might only get 1 mile per gallon, and they save a tremendous amount of money buying our product.

So, we're well positioned, we are the leader in the market, we are the biggest supplier in India, and we're well positioned for very strong growth and even expanding beyond the \$150 million of revenue by expanding our capacity to 100 million gallons a year. Our business plans to be over \$300 million of revenue in India, and we're well positioned to do that, our capital costs do that's less than \$20 million.

Q: Well, I know the quality of diesel fuel in India is horrible. It's like the diesel fuel that we used to get back here back in the 1950s, and we all remember driving on a California road highways with smoke belching our face from the diesel trucks. So, I know that biodiesel burns cleanly, it improves your gas mileage, your cetane goes up, it lubricates your engine, your engine is actually cleaner after running even just a 5% to 10% blend of biodiesel even with your regular diesel.

So I just thought, wow, what a great opportunity – to essentially to some degree bypass the powers that be in the bulk supplies to the government-controlled oil companies and get right to the people, even if it's people are just adding a 5% blend or a 10% blend. I know, when I was

driving diesel's back in the 1970s, we had to use some type of an additive package. Otherwise we'd be cleaning out our injectors after 60,000 miles. So just a thought, but I appreciate that.

Eric McAfee - Chairman and Chief Executive Officer

We've mentioned this in the past, but the India stock market is very excited about the national biofuels policy that was adopted by the India government, in which they're currently importing their crude oil and spending approximately \$50 billion a year buying crude oil, and so the national biofuels policy said, let's use 5% of biodiesel to displace having to import as much crude oil, and after we achieve 5%, let's go to 10% and after 10%, let's go to 20%. And so, that's why their purchase order is literally 3 times as much as the industry can even produce. They're trying to signal that they'd like us, at Aemetis to invest – increasing our capacity from 50 million gallons to 100 million gallons.

What's interesting is that the stock market in India can fund that sort of activity. We currently own a 100% of the subsidiary, and have had a round of discussions with investment banking firms in the past about valuing our subsidiary, and some of those valuations are very, very high, multi-\$100 million valuations, because of the fact we're the biggest – it's a big market, fast growth, you know, 1 billion gallons of biodiesel; when you're talking about \$3 billion revenue company.

And so, funding rapid growth in India has been a primary goal of our building our position there. And we knew it was going to take time. We knew it was going to be slower than anybody wanted. But it's one of those, wow, how did that happen kind of deals when you see the valuation on our subsidiary IPO in India, which we could still retain 60% to 75% ownership, but have a multi \$100 million holding because of that.

Operator

[Operator Instructions] We go to the line of Massimo Fiorella, private investor. Please go ahead.

Q: Hello, Eric. So, first of all, I appreciate that most of this quarter, your plan ran out more than 100% capacity. This is very good in a moment where 50% of ethanol plant in California are idled. And then, I also appreciate that you are probably the only company in the sector with us always not diluting shareholder since the number of your share is around 20 million.

I want to ask you one thing and then I want to do like a question about the electric cab sector. This time the result certainly that I was expecting that would be a bit better than it exceed. I think that this is a time where you should boost investor confidence. So in this moment also seen the evaluation of the company's law, personally you hope to see in the next days and weeks like commitment from you that is the founder and the board of director, I would appreciate if in the next weeks, the board can consider to buy shares on the open market feeling a spectrum fall?

Then I want to do a question, because about the electric car, because what I see is like the Aemetis is like the one perfect feature for company like Tesla and Nikola. These are very hot at the moment. I think these one because electric cars require a big moment dense biofuel to produce electricity in high volume onboard. For example, now is going out Nissan e-Bio van, which uses 8-gallon ethanol tank to fuel hydrogen, fuel cell to provide 400-mile range. High

power long range electric vessel requires energy dense, storable, transportable fuel and the electric cars will need head on the fuel cell for power and range.

So I wanted to ask you, if you consider to enter like in this market, and if you are maybe considering this opportunity to work close with the electric car, if you are in discussion with that, if you have thought about this opportunity?

Eric McAfee - Chairman and Chief Executive Officer

You're correct that we have 2 different very central roles in the electric vehicles. First is the confidence we have in our renewable natural gas business that's driven by a very low carbon intensity score allows us to potentially produce electricity that powers heavy trucks and buses. And in California they've made it very, very attractive to produce carbon negative fuels for buses and trucks, because they're driving on diesel which is a very carbon intensive fuel and batteries are not large enough to give them long distance. The ability to power those batteries with electricity that's carbon negative helps the overall transition to a climate change policy, that's already been adopted as well on the way in California, so renewable natural gas puts us right in the middle of the carbon negative electricity business for vehicles.

The second one though, I spoke about briefly at the end of my presentation. And that is the actual engine in a diesel vehicle is a compression engine that does not have spark plugs. It does not use a little flame to explode the fuel. It squeezes the fuel, compresses the fuel to make the fuel explode.

Ethanol has a 114 octane rating, which allows you to compress it to a very high degree, before it explodes. So it's very efficient at its combustion in a diesel engine. And there's a technology came out of Stanford University is now being commercialized to actually replace the diesel engine in a regular diesel heavy duty bus, for example, with an engine that uses ethanol and it creates 30% more torque, more pulling power, if it uses ethanol than if it uses diesel.

If you use that engine then as the generator for a range extender on an electric vehicle, let's say, you have a truck and you want to drive 1,000 miles, your batteries might only take you 50 miles or 100 miles. You then need some dense fuel to generate electricity.

So, an ethanol generator on board would have more than a 95% reduction in particulates, have virtually no other emissions issues that are currently problems in diesel engines that require very expensive equipment and ongoing diesel exhaust fluid expense and everything else, and would have better performance. 30% more torque is a tremendous step forward and performance for the non-generator version.

And, of course, you put a generator on board and now you're driving an ethanol and dairy renewable natural gas vehicle, very low carbon emissions, probably the negative carbon emissions for your dairy natural gas, electricity. And if we make the ethanol out of wood waste, it's also carbon negative ethanol, very inexpensive, very low carbon and you can imagine regulators are interested in trying to remove diesel trucks, diesel buses, even tractors and other diesel equipment and converted to this low emissions, low air pollution, low carbon solution that Ametis has.

So, we are taking a very serious look at how we support the players in the industry. We are a very, very large supporters of the ethanol engine to displace diesel engines. And we think the entire industry is behind us on that one and we're looking for the industry to make major moves to do even a 20% replacement of the existing diesel truck fleet would double the size of the ethanol market in the United States from 15 billion gallons to 30 billion gallons.

And they would have a tremendous financial impact on our core business, but also reduce air pollution and carbon emissions throughout the United States. So, we are very much in the center of the electric vehicle revolution and hybrid vehicles and replacing diesel engines with ethanol engines.

Q: Okay. Then I have the last 2 very, very short questions. The first one is about Amazon.com. I didn't understand it. As of today, you are selling or you are not selling on Amazon.com. And if you are not selling, when will you start to sell there?

And the second one is about India. India, I mean, I see this like the India did like a request to get purchase biodiesel for \$900 million, this is something huge. I just saw that last year, in 2019, you won the \$23 million contract and it generates like \$6 million EBITDA. This year, the contract will be a lot, lot higher, because India is putting on the table like almost \$1 billion. So I want to ask you what is like a projection of how much you are going to win in 2020, because in 2020, you won \$23 million, how much you are going to win in 2020, that will be probably impact on 2021 revenue?

And then, another thing, I would appreciate if you, as mentioned before, can consider, since it is very, very hot at this moment like a meteor of the Indian business. That according to me all the Indian business, the India factory could be valued maybe \$200, \$300 million something similar.

So, if you do like an IPO for 30%, it will be like \$50 million. And with this \$50 million, you will be paid back debt from Third Eye Capital that is very, very high interest. And what are your options in order to let this very high cost debt decrease?

Eric McAfee - Chairman and Chief Executive Officer

Let's take them in order. The online major marketplace has approved us and we should send out a press release as soon as you can buy our product on that online major marketplace. So, look for press releases. We have definitely an opportunity in India to IPO our subsidiary. We've had long discussions on it.

We think that the \$900 million tender offer from the government is in this case only for about 6 months actually. It's December, January, February, March, April, May. That's the entire period for the \$900 million. That's not for the entire year. So, when we got the \$23 million order last time that was for the entire year.

And so, when we announced the bid process outcome here which should happen in just a couple weeks or less. We would be only in a 6-month period, not a 12-month period, and would expect

to see a much higher number. So, what we're seeing is very strong demand from the India government. And now, we need to match that with pricing. And we'll be fine.

We're the largest producer in the country. There ~~is~~ **[are]** only about 4 other producers. So it's not a very large fractured fragmented industry. It's us and 4 other guys. And we're looking to expand and then take advantage of the market opportunity in the stock market, when that happens.

Operator

There are no further questions at this time. I'd like to turn the floor back over to management for closing remarks.

Eric McAfee - Chairman and Chief Executive Officer

Thank you, Melinda. I appreciate that. And thanks to the Aemetis shareholders, analysts and others who joined us today. We look forward to talking with you to continue our dialogue, about the growth opportunities at our company.

Todd Waltz - Chief Financial Officer

Thank you for attending today's Aemetis Earnings Conference Call. Please visit the Investors section of the Aemetis website, where we'll post a written version and an audio version of this Aemetis earnings review and business update. Melinda?

Operator

This concludes today's teleconference. You may disconnect your lines at this time. Thank you for your participation.