

Financial Results for Second Quarter Ended June 30, 2017

Net sales were \$31.1 million for the second quarter of 2017, an increase of 1.7% when compared to \$30.6 million for the second quarter of 2016.

Gross profit was \$4.6 million for the second quarter of 2017, compared to \$5.6 million for the second quarter of 2016.

Net income for the second quarter of 2017 was \$2.4 million compared to \$3.4 million for the second quarter of 2016.

The following is the Income Statement for Second Quarter 2017:

	<u>2nd Qtr 2017</u>
Sales	\$31,116,841
Cost of Goods Sold	<u>\$26,534,953</u>
Gross Profit	\$4,581,888
Selling, General Administrative	\$850,542
Depreciation	\$1,295,219
Net Income	<u>\$2,436,127</u>

George Grimes

Controller / Human Resource Director



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Show Me Ethanol News

July 2017

Note from Our General Manager:

We are feeling the heat of summer, and we are seeing things heat up in Washington, DC as well. There has been much political debate surrounding the RFS, E15 and EPA leadership.

As required by the RFS, the EPA has issued the preliminary 2018 Renewable Volume Obligation (RVO - the amount of gallons of renewable fuel to be blended with gasoline). The total renewable fuel requirement is 19.24 billion gallons for 2018, with 15.0 billion gallons of corn based ethanol. The EPA is holding a hearing in Washington, DC on August 1 to listen to testimony regarding the proposed RVO.

E15 was first approved for cars newer than 2001 starting in 2012, but its wide-spread use continues to be bogged down by summertime Reid Vapor Pressure (RVP) requirements. Many summertime E15 blends do not meet the required RVP in fuels, preventing wide-spread adoption. If Congress would approve the RVP waiver, E15 could be available to consumers year-round, rather than just during the colder months. Making E15 a year-round fuel would help to save money at the pump in addition to creating more demand for ethanol.

We are still waiting for the EPA leadership to be completely nominated and staff to assigned. While President Trump has assured leaders of our industry that he supports renewable fuels, we are seeing more and more nominations of individuals that strongly oppose ethanol. 2017 will be a year of ongoing discussions and lobbying for our greater ethanol use, which seems to be a natural part of each year in our industry.



Rich Hanson
General Manager

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Our Mission Statement

To provide clean and renewable products to our customers, quality returns for our investors, while providing safe and ethical working conditions and benefits for our employees.

Q2 2017 Plant Update

Plant performance in the second quarter was outstanding! For the quarter, we produced 17 million gallons of ethanol, for an annualized production rate of 68 million gallons, up from 65 million gallon rate in the previous quarter. We consumed 5.9 million bushels of corn for the quarter, resulting in an ethanol yield approaching 2.90 gallons per bushel. Corn Oil, DDGS and MDGS production were up also. Oil production was 4.7 million pounds, up from 4.2 the previous quarter. DDGS produced was 43,000 tons, up from 37,700 tons in Q1.

The gains in plant production are the results of optimizing the investments made last year, specifically the new fermenter and CO2 scrubber. These investments, combined with the outstanding performance of our employees provide these excellent results. While we remain dedicated to continuing to improve plant production, we are beginning to hit limits that may result in fewer "Record Production" announcements, but allow for more efficiency optimization.

During Q3, 2017 we will have to slow rates slightly due to hot weather and cooling limitations. We continue to work with an engineering firm to resolve the cooling limitations. We will conduct a short, 2-3 day outage at the end of August to complete energy center cleaning, regular maintenance tasks, and replace the hammer mill baghouse.

Brian Pasbrig

Plant Manager

Missouri Agribusiness Academy Tour

On June 8th, we were honored to be able to host a tour for the Missouri Agribusiness Academy students, which included about 30 students from all over the state of Missouri.

The Missouri Agribusiness Academy (MAbA) is in its 30th year of promoting careers in agriculture. During its three decades, the program has graduated nearly 900 students.

The department considers MAbA to be one of its most valuable programs and understands the importance of investing in and supporting youth in agriculture, whether they be from 4H, FFA or a family farm.

MAbA graduates have raised the bar each year, becoming successful ag teachers, farmers, ranchers, financial consultants, ag communicators, extension agents, salespeople and, most importantly, leaders in their field.



Did you know?

Our water permit requires us to run samples on our process discharge water monthly and the rain water that leaves the facility quarterly. In 2017, all of our test results have been within the parameters set forth in our water permit.

ALOT Class XVII tours Show-Me Ethanol

Really impressive. Clean. Well-kept. Proud of what they do. Smart business decisions. Intense attention to detail. Awesome job of explaining every step and the preciseness they maintain. Great tour guides. Wonderful hospitality. These were the reactions of ALOT Class XVII when they toured the Show-Me Ethanol plant in July.

Though many had driven by an ethanol plant, few had toured one. "I had ever been to an ethanol plant before, so I didn't know what to expect from Show-Me Ethanol. What surprised me the most is the technology available for employees that ensure both product quality for consumers and safety for employees. Every part of the ethanol process is connected and closely monitored in the control room. Show-Me Ethanol has one of the cleanest & most well organized facilities I've ever toured." said ALOT Class XVII member Sami Jo Freeman.

"Farmers & ranchers are always looking for new markets and ways to add value to existing commodities. At Show-Me Ethanol, we learned how they've taken great care in adding as much value as possible to corn for the farmer's benefit, whether that's through ethanol or DDGs." Freeman said.

Beginning in 1983, ALOT (Agricultural Leadership of Tomorrow) is a two-year adult agricultural leadership program targeted toward rural leaders and agricultural producers who have a passion to promote Missouri agriculture and strengthen their rural communities.

The ALOT program includes ten in-state three-day sessions, a week-long seminar in Washington D.C., and a two-week international experience to a country that impacts Missouri agriculture. The program enhances participants' communication and leadership skills; expands their understanding of agricultural issues; encourages involvement and leadership initiative in their industry and communities; connects participants to ALOT's 475 alumni participants across Missouri; and introduces them to hundreds more of Missouri's innovative and involved citizens who offer their personal experiences and insights to help participants become more effective leaders. The 25 members of current Class XVII were chosen through a highly competitive process.

"This tour of Show-Me Ethanol was very well done and truly enhanced the Class' understanding of ethanol production," said ALOT director Kristin Perry. "Rich Hanson, Daniel Olvera, Rob Burns and Britt Stanley were excellent hosts. They clearly answered our questions. We really appreciate this opportunity."

