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Gevo Announces Key Operational and Financial Targets for 2016 Following Settlement With Butamax

September 23, 2015

Company to Host Conference Call Today at 10:30 a.m. EDT / 8:30 a.m. MDT

ENGLEWOOD, Colo., Sept. 23, 2015 (GLOBE NEWSWIRE) -- Gevo, Inc. (NASDAQ:GEOV) today announced key initiatives and targets for 2016 following the settlement with Butamax in August.

"The settlement with Butamax eliminated a significant cost and uncertainty in our business. We are now in a position to devote the majority of our resources to the commercialization of isobutanol, now that this distraction is behind us," said Dr. Patrick Gruber, Gevo's Chief Executive Officer.

Operational and financial targets for 2016 include:

- Increase isobutanol production at Luverne to a range of 750,000 to 1 million gallons in 2016, up 7-10x from expected 2015 production levels
- Decrease the variable cost of producing isobutanol at Luverne to a range of \$3.00-\$3.50/gallon*, a decrease of approximately 50% from the current cost of production, enabling isobutanol to be produced at a positive contribution margin, based on an expected average selling price for isobutanol of between \$3.50-\$4.50/gallon
- Increase sales of isobutanol into core markets such as the alcohol-to-jet (ATJ), marina, off-road, isooctane and solvents markets
- Achieve an average quarterly corporate-wide EBITDA burn rate (excluding stock-based compensation) of \$3.5-\$4.5 million per quarter, versus a comparable quarterly burn rate of \$6.0 million realized over the first half of 2015

Underpinning the above improvements will be approximately \$5.0 million of capital expenditures that Gevo intends to deploy at Luverne over the next 3-6 months. These capital improvements are primarily designed to decrease the cost of production for isobutanol by bringing "in-house" parts of the process that have previously been done by third parties. Key equipment to be installed at the plant include a distillation system to purify isobutanol on-site, an addition to our seed train to allow Gevo to produce its yeast on-site and a stainless steel fermenter to replace one of the existing carbon steel fermenters that has reached the end of its useful life.

The installation of this equipment is expected to significantly decrease Gevo's cost of production of isobutanol, with a goal of producing isobutanol at Luverne at a positive contribution margin in 2016. While Gevo currently has the capability of producing higher isobutanol volumes at Luverne, it has chosen to limit production in 2015 given its existing isobutanol cost structure. Current demonstrated fermentation performance is already believed to be sufficient to achieve Gevo's isobutanol production volume goals in 2016, having already demonstrated yields of 1.80-1.85 gallons per bushel and batch sizes of 16-18 thousand gallons per batch at Luverne. A decrease in production costs resulting from the new capital deployment is expected to enable Gevo to meaningfully increase isobutanol production levels at Luverne without increasing Gevo's cash burn rate.

With additional isobutanol production, Gevo believes it will be in a stronger position to increase sales into its core markets such as the marina, off-road and solvents markets. This increased production is also expected to provide feedstock for Gevo's hydrocarbons biorefinery in Silsbee, Texas, so Gevo can continue to produce jet fuel for testing purposes with commercial airlines, as well as isooctane to meet the growing demand for renewable sources of fuel blend components that do not compromise the performance characteristics of gasoline formulations.

It is also anticipated that producing isobutanol at Luverne at a positive contribution margin will help widen discussions to a larger pool of potential licensees beyond early adopters such as Praj and Porta, given that certain partners require more demonstrated isobutanol production economics prior to moving forward with definitive agreements.

The milestones that were established for 2015 remain on track, namely signing a first binding license agreement, securing ASTM certification for Gevo's alcohol-to-jet fuel and developing further strategic partnerships to propel Gevo's alcohol-to-hydrocarbons business.

"Deploying this capital at Luverne will be an important driver for Gevo's overall growth plans. Throughout 2015, we have been operating Luverne to maximize cash flow from the facility, which has entailed operating the plant for the sole production of ethanol over certain periods of time, with occasional campaigns to produce IBA for market development and sales. The planned capital improvements are expected to drive meaningful costs out of our isobutanol production, which will allow us to increase production rates without driving up our cash burn rate. We believe that increased production and improved economics will greatly facilitate the commercial adoption of isobutanol, both in terms of licensing and product sales," said Gruber.

"The completion of the settlement is a key driver behind the decision to improve Luverne's capabilities. I'm really pleased to be leveraging our stronger balance sheet to spend money on the plant rather than spending it on lawyers," Gruber added.

* Note - Assumes corn price of \$3.65 per bushel and nets the value of the isobutanol distiller's grains (the "DGs™")

Webcast and Conference Call Information

Hosting today's conference call at 10:30 a.m. EDT (8:30 a.m. MDT) will be Dr. Patrick Gruber, Chief Executive Officer and Mike Willis, Chief Financial Officer.

To participate in the conference call, please dial 1 (800) 708-4540 (inside the U.S.) or 1 (847) 619-6397 (outside the U.S.) and reference the pass code 40805971. The presentation will be available via a live webcast at <http://www.media-server.com/m/acs/058121368c889d323c5c027ee670f815>.

A replay of the call will become available two hours after the conference call ends on September 23, 2015 and will be accessible until 11:59 pm EDT on September 25, 2015. To access the replay, please dial 1-888-843-7419 (inside the U.S.) or 1-630-652-3042 (outside the U.S.) and reference the pass code 40805971. The archived webcast will be available for 30 days in the Investor Relations section of Gevo's website at www.gevo.com.

About Gevo

Gevo is a leading renewable technology, chemical products, and next generation biofuels company. Gevo has developed proprietary technology that uses a combination of synthetic biology, metabolic engineering, chemistry and chemical engineering to focus primarily on the production of isobutanol, as well as related products from renewable feedstocks. Gevo's strategy is to commercialize biobased alternatives to petroleum-based products to allow for the optimization of fermentation facilities' assets, with the ultimate goal of maximizing cash flows from the operation of those assets. Gevo produces isobutanol, ethanol and high-value animal feed at its fermentation plant in Luverne, Minn. Gevo has also developed technology to produce hydrocarbon products from renewable alcohols. Gevo currently operates a biorefinery in Silsbee, Texas, in collaboration with South Hampton Resources Inc., to produce renewable jet fuel, octane, and ingredients for plastics like polyester. Gevo has a marquee list of partners including The Coca-Cola Company, Toray Industries Inc. and Total SA, among others. Gevo is committed to a sustainable bio-based economy that meets society's needs for plentiful food and clean air and water.

Forward-Looking Statements

Certain statements in this press release may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements relate to a variety of matters, including, without limitation, statements related to the anticipated cost of isobutanol production, expected isobutanol production levels, anticipated EBITDA burn rates, estimates of the timing and costs of capital expenditures at the Luverne plant, the future market for isobutanol and its derivative products, the future selling price of isobutanol, the receipt approvals and certification for the sale of isobutanol and its derivative products, the development of partnerships, customer relationships and licensing agreements, and other statements that are not purely statements of historical fact. These forward-looking statements are made on the basis of the current beliefs, expectations and assumptions of the management of Gevo and are subject to significant risks and uncertainty. Investors are cautioned not to place undue reliance on any such forward-looking statements. All such forward-looking statements speak only as of the date they are made, and Gevo undertakes no obligation to update or revise these statements, whether as a result of new information, future events or otherwise. Although Gevo believes that the expectations reflected in these forward-looking statements are reasonable, these statements involve many risks and uncertainties that may cause actual results to differ materially from what may be expressed or implied in these forward-looking statements. For a further discussion of risks and uncertainties that could cause actual results to differ from those expressed in these forward-looking statements, as well as risks relating to the business of Gevo in general, see the risk disclosures in the Annual Report on Form 10-K of Gevo for the year ended December 31, 2014, as amended, and in subsequent reports on Forms 10-Q and 8-K and other filings made with the SEC by Gevo.

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