



**ethanol
summit
2013**

GLOBAL BIOFUELS INVESTMENT OUTLOOK

2013 UNICA ETHANOL SUMMIT

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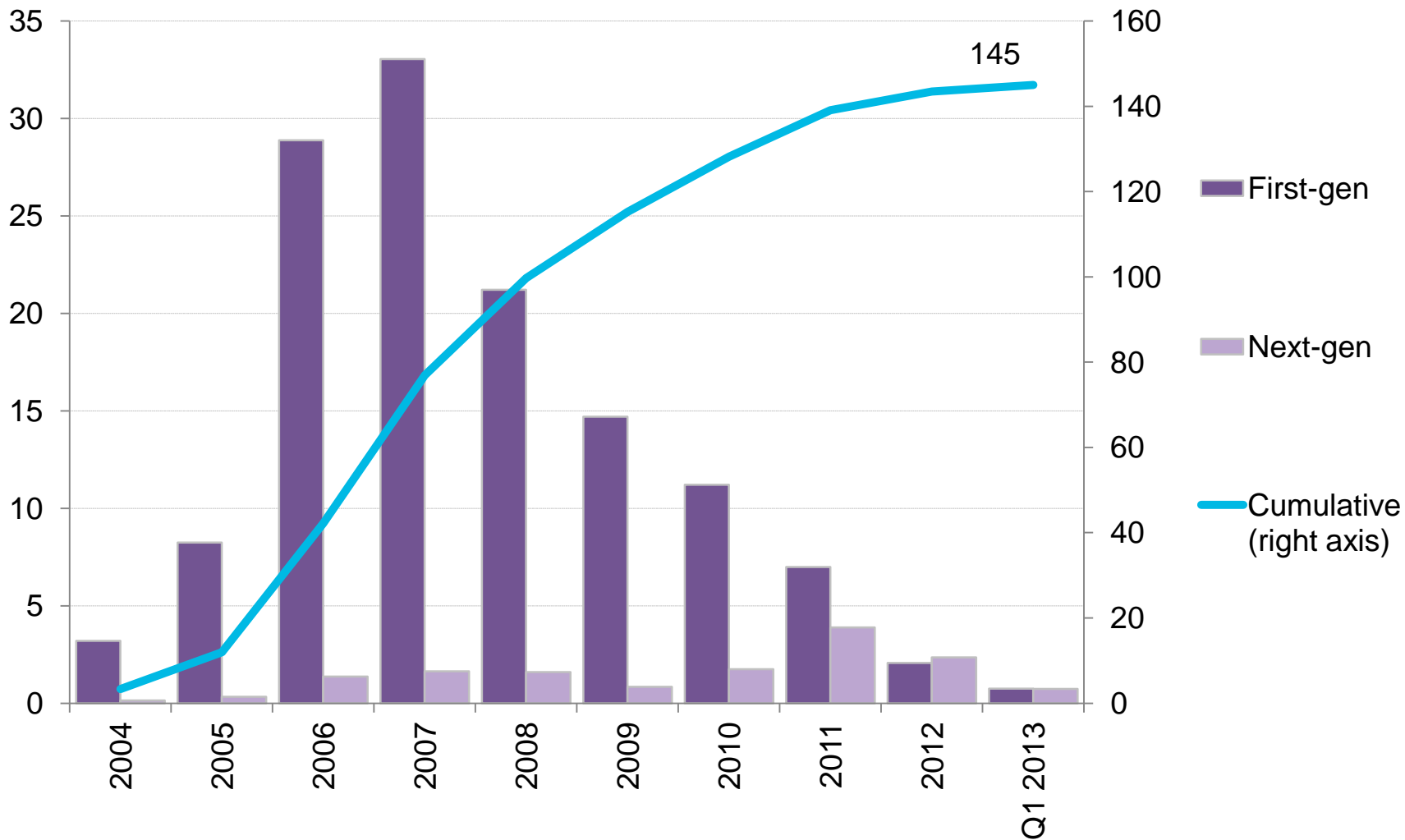
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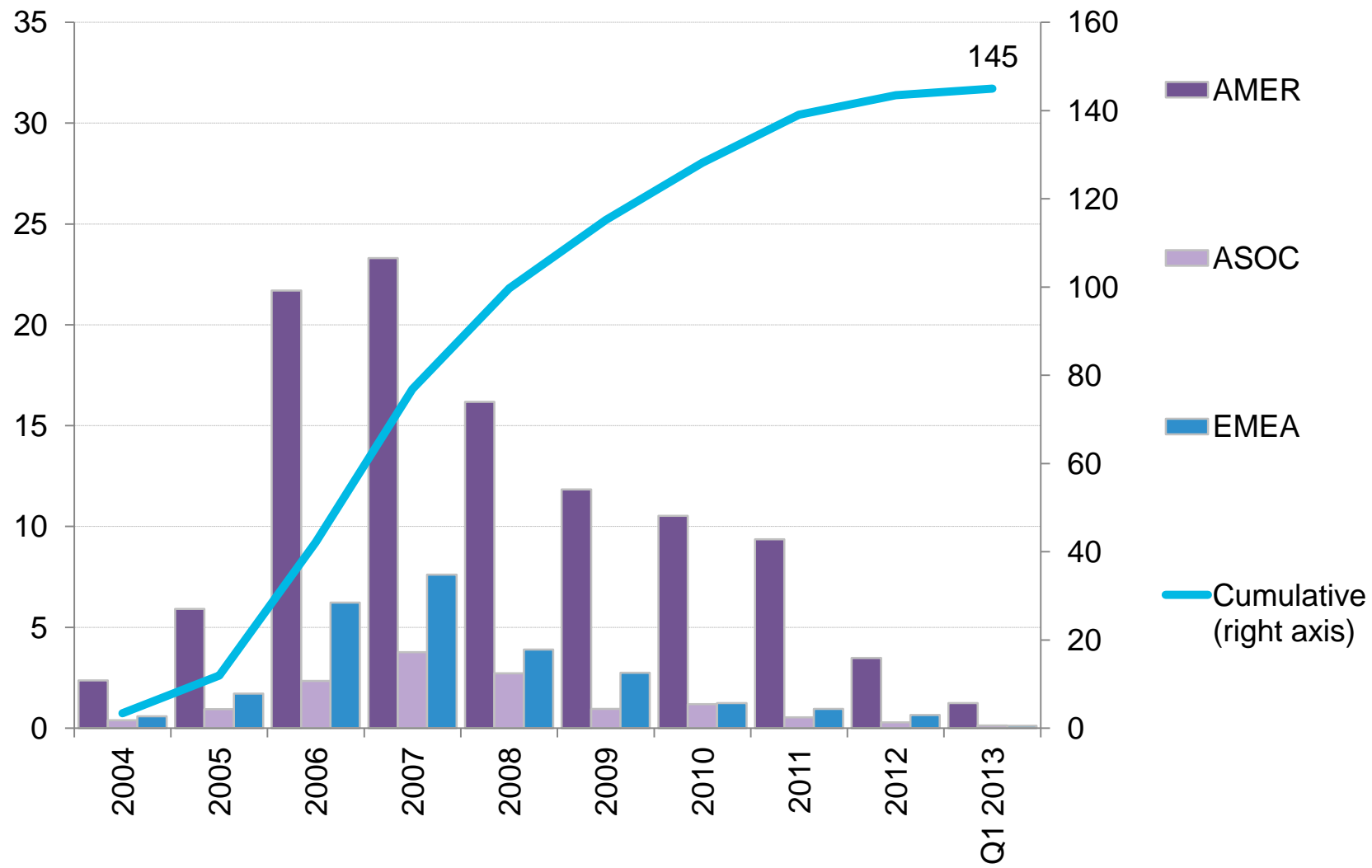


GLOBAL BIOFUELS INVESTMENT, 1ST GENERATION VS 2ND GENERATION, 2006 – Q1 2013 (\$BN)



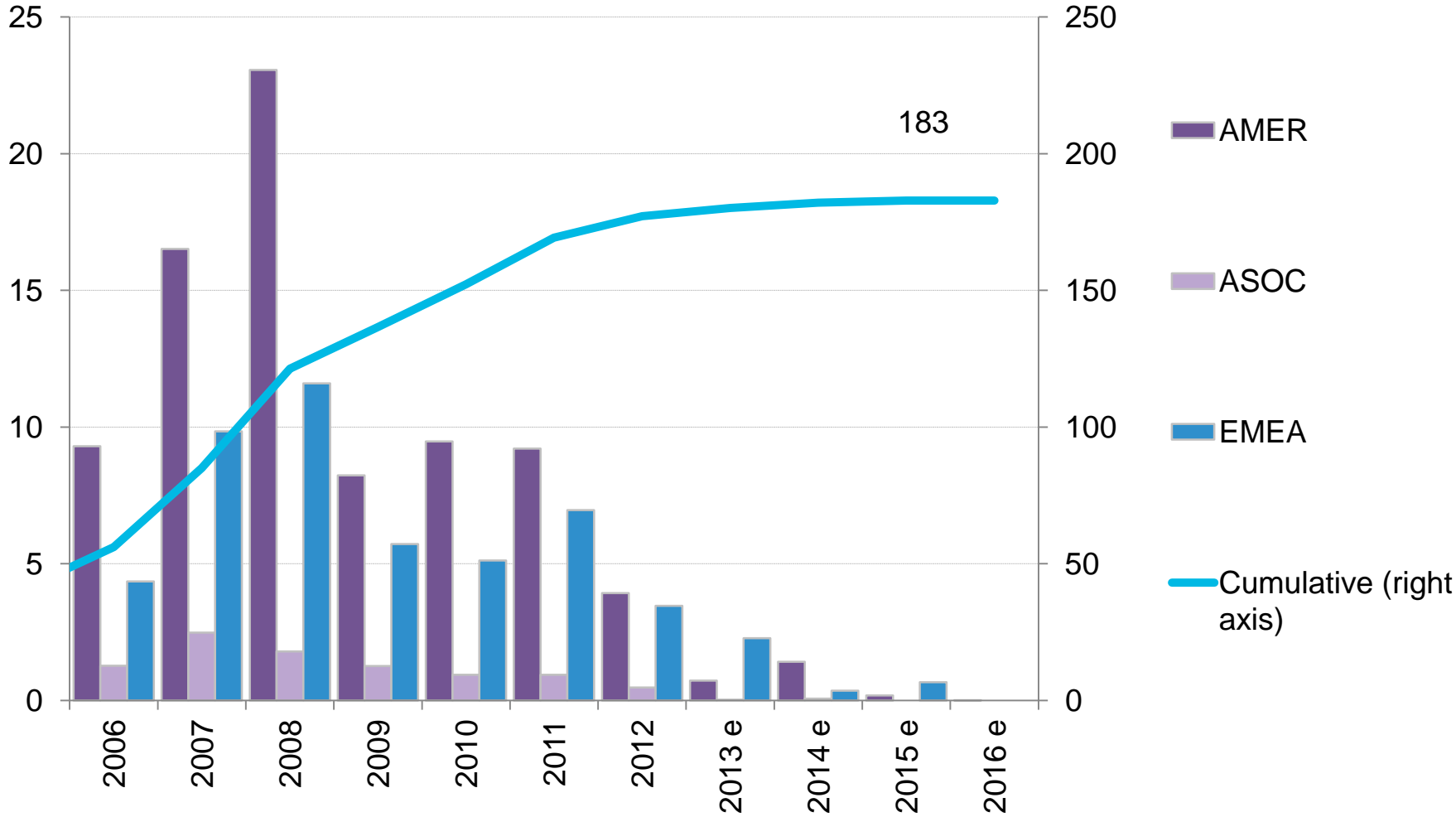
Source: Bloomberg New Energy Finance

GLOBAL BIOFUELS INVESTMENT, BY GEOGRAPHY, 2006 – Q1 2013 (\$BN)



Source: Bloomberg New Energy Finance

GLOBAL BIOFUELS CAPACITY BY GEOGRAPHY, 2006 – 16 (BN LITRES)



Source: Bloomberg New Energy Finance

A SUPPORTIVE BUT UNCERTAIN POLICY ENVIRONMENT

US:

- *RFS2
- *Production tax credit \$1.0/gallon for biodiesel
- *\$1.01/gallon for cellulosic biofuels
- Blend wall limits RFS2 compliance

Argentina:

- * B7 blending mandate, to rise to B10
- * E5 mandate in place
- Biodiesel EU27 6.5% import duty

Brazil:

- *B5 blending target
- *E20 - 25 blend in gasoline
- *BNDES replanting and cellulosic credit/grants
- Capped gasoline price
- Weak infrastructure

EU-27:

- *10% biofuel blending target for 2020
- *Double-counting of RED credits for advanced biofuels
- Unclear and weak RED targets
- No support for biobased chemicals

China:

- *E10 mandate for 2020
- Rethinking E10 due to food issues

India:

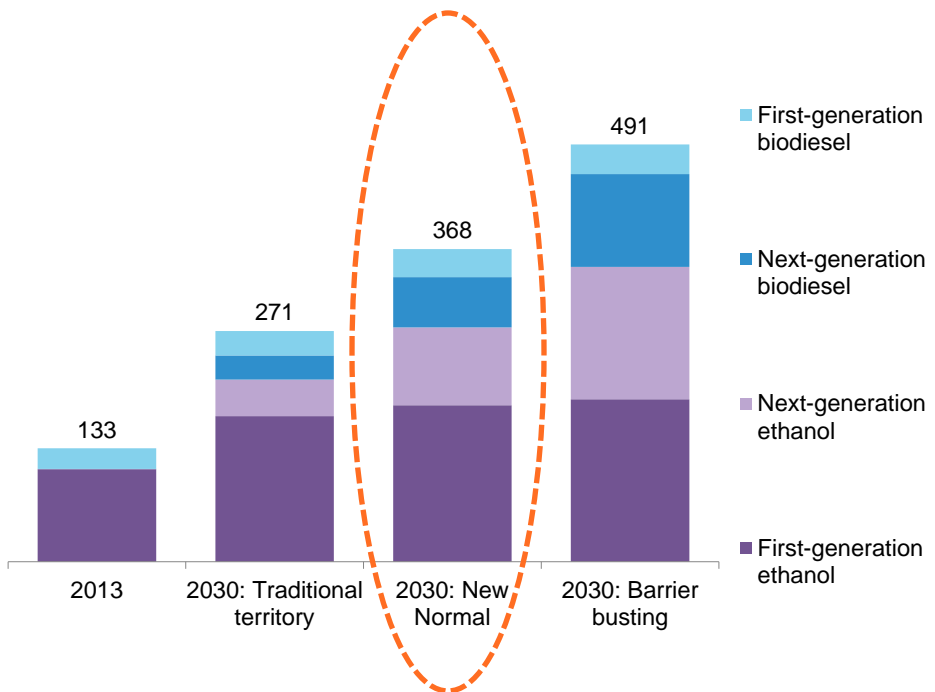
- * Currently E5
- * B20 and E20 blending target by 2017
- Lack of penalties for non-compliance

Malaysia:

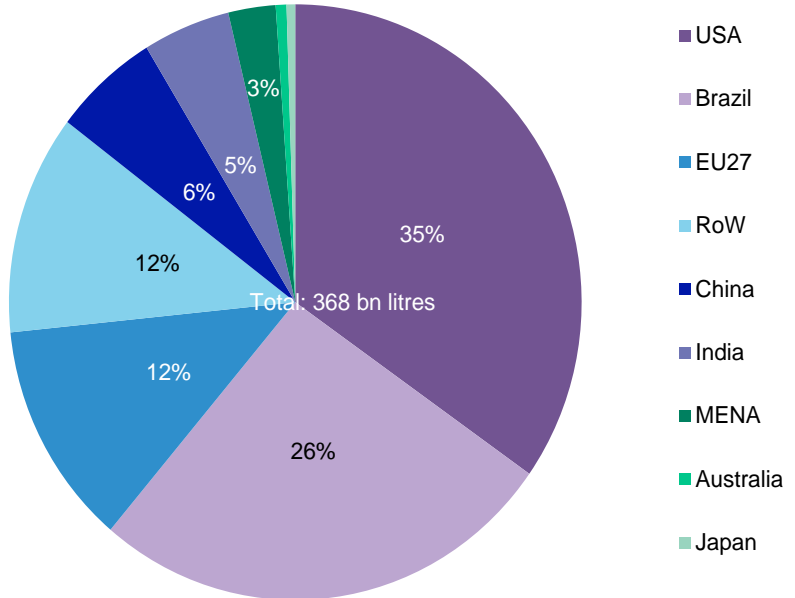
- Hesitates and then pulls away blending mandates

BIOFUELS SECTOR CAPACITY FORECAST, 2013-2030 (BN LITRES)

BY TECHNOLOGY



'NEW NORMAL' BY REGION



Source: Bloomberg New Energy Finance

FINAL THOUGHTS

- Natural gas is not yet a viable transport fuel competitor to biofuels in the short term due to infrastructure costs.
- Brazil's current fuel situation: absurd and probably unsustainable
 - Fixed gasoline price forces Petrobras losses, makes ethanol less competitive
 - Brazil *exporting* ethanol while *importing* gasoline
 - Problem is all the more difficult to fix after last week
 - But the situation is ultimately unsustainable and changes could create opportunities

MARKET AND FINANCING TRENDS IN BIOENERGY

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