

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported):

May 8, 2018

PACIFIC ETHANOL, INC.

(Exact Name of Registrant as Specified in Charter)

Delaware

(State or Other Jurisdiction
of Incorporation)

000-21467

(Commission File Number)

41-2170618

(I.R.S. Employer
Identification No.)

400 Capitol Mall, Suite 2060
Sacramento, California

(Address of Principal Executive Offices)

95814

(Zip Code)

Registrant's Telephone Number, Including Area Code:

(916) 403-2123

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communication pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communication pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2). Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

On May 8, 2018, Pacific Ethanol, Inc. issued a press release announcing certain results of operations for the three months ended March 31, 2018. A copy of the press release is furnished (not filed) as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

The information furnished in this Item 2.02 of this Current Report on Form 8-K and Exhibit 99.1 attached hereto shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section. The information in this Item 2.02 of this Current Report on Form 8-K is not incorporated by reference into any filings of Pacific Ethanol, Inc. made under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date of this Current Report on Form 8-K, regardless of any general incorporation language in the filing unless specifically stated so therein.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

<u>Number</u>	<u>Description</u>
<u>99.1</u>	<u>Press Release dated May 8, 2018</u>

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: May 8, 2018

PACIFIC ETHANOL, INC.

By: /S/ BRYON T. MCGREGOR

Bryon T. McGregor
Chief Financial Officer



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Pacific Ethanol Reports First Quarter 2018 Results

Sacramento, CA, May 8, 2018 – Pacific Ethanol, Inc. (NASDAQ: PEIX), a leading producer and marketer of low-carbon renewable fuels and high-quality alcohol products in the United States, reported its financial results for the three months ended March 31, 2018.

Neil Koehler, Pacific Ethanol's president and CEO, stated: "Production margins in the ethanol industry during the first quarter improved slightly from the fourth quarter of 2017 but remained compressed, as ethanol inventories reached an historic high in early March. The fundamentals have improved since then due to strong exports, higher fuel demand, and moderating overall ethanol production. Ethanol inventories have fallen nine percent over the last two months and are now five percent lower than last year at this time. We are optimistic the improved supply and demand balance will result in margin improvements as we enter the peak demand season.

"Overall, the long-term fundamentals in our markets are getting stronger. Demand for our low carbon ethanol and high protein feed products is increasing both nationally and internationally. We continue to focus on product diversification and technology innovation to improve our operating efficiencies and financial performance."

Financial Results for the Three Months Ended March 31, 2018 Compared to 2017

- Net sales were \$400.0 million, compared to \$386.3 million. The increase was due to an increase in production gallons sold offset in part by a reduction in both third-party gallons sold and in our average ethanol sales price per gallon.
- Total gallons sold of 232.7 million, compared to 226.2 million.
- Total production gallons sold of 140.8 million, compared to 115.0 million.
- Cost of goods sold was \$396.7 million, compared to \$392.1 million.
- Gross profit was \$3.4 million, compared to gross loss of \$5.8 million.



Pacific Ethanol, Inc.

- Selling, general and administrative expenses were \$9.3 million, compared to \$5.5 million, which included \$3.6 million in one-time gains associated with legal matters in the prior year.
- Operating loss was \$6.0 million, compared to \$11.2 million.
- Net loss available to common stockholders was \$8.2 million, or \$0.19 per share, compared to \$12.9 million, or \$0.31 per share.
- Adjusted EBITDA was \$5.7 million, compared to Adjusted EBITDA of negative \$1.9 million.
- Cash and cash equivalents were \$57.4 million at March 31, 2018, compared to \$49.5 million at December 31, 2017.

First Quarter 2018 Results Conference Call

Management will host a conference call at 8:00 a.m. Pacific Time/11:00 a.m. Eastern Time on May 9, 2018. CEO Neil Koehler and CFO Bryon McGregor will deliver prepared remarks followed by a question and answer session.

The webcast can be accessed from Pacific Ethanol's website at www.pacificethanol.com. Alternatively, you may dial the following number up to ten minutes prior to the scheduled conference call time: (877) 847-6066. International callers should dial 00-1 (970) 315-0267. The pass code will be 8857956. If you are unable to participate on the live call, the webcast will be archived for replay on Pacific Ethanol's website for one year. In addition, a telephonic replay will be available at 2:00 p.m. Eastern Time on Wednesday, May 9, 2018 through 11:59 p.m. Eastern Time on Wednesday, May 16, 2018. To access the replay, please dial (855) 859-2056. International callers should dial 00-1-(404) 537-3406. The pass code will be 8857956.

Use of Non-GAAP Measures

Management believes that certain financial measures not in accordance with generally accepted accounting principles ("GAAP") are useful measures of operations. The company defines Adjusted EBITDA as unaudited net income (loss) attributed to Pacific Ethanol before interest expense, provision (benefit) for income taxes, asset impairments, purchase accounting adjustments, fair value adjustments, and depreciation and amortization expense. A table is provided at the end of this release that provides a reconciliation of Adjusted EBITDA to its most directly comparable GAAP measure. Management provides this non-GAAP measure so that investors will have the same financial information that management uses, which may assist investors in properly assessing the company's performance on a period-over-period basis. Adjusted EBITDA is not a measure of financial performance under GAAP, and should not be considered as an alternative to net income (loss) or any other measure of performance under GAAP, or to cash flows from operating, investing or financing activities as an indicator of cash flows or as a measure of liquidity. Adjusted EBITDA has limitations as an analytical tool and you should not consider this measure in isolation or as a substitute for analysis of the company's results as reported under GAAP.



Pacific Ethanol, Inc.

About Pacific Ethanol, Inc.

Pacific Ethanol, Inc. (PEIX) is a leading producer and marketer of low-carbon renewable fuels and high-quality alcohol products in the United States. Pacific Ethanol owns and operates nine production facilities, four in the Western states of California, Oregon and Idaho, and five in the Midwestern states of Illinois and Nebraska. The plants have a combined production capacity of 605 million gallons per year, produce over one million tons per year of ethanol co-products – on a dry matter basis – such as wet and dry distillers grains, wet and dry corn gluten feed, condensed distillers solubles, corn gluten meal, corn germ, corn oil, distillers yeast and CO₂. Pacific Ethanol markets and distributes fuel-grade ethanol, high-quality alcohol products and co-products domestically and internationally. Pacific Ethanol's subsidiary, Kinergy Marketing LLC, markets all ethanol and alcohol products for Pacific Ethanol's plants as well as for third parties, approaching one billion gallons of ethanol marketed annually based on historical volumes. Pacific Ethanol's subsidiary, Pacific Ag. Products LLC, markets wet and dry distillers grains. For more information please visit www.pacificethanol.com.

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995

Statements and information contained in this communication that refer to or include the Pacific Ethanol's estimated or anticipated future results or other non-historical expressions of fact are forward-looking statements that reflect Pacific Ethanol's current perspective of existing trends and information as of the date of the communication. Forward looking statements generally will be accompanied by words such as "anticipate," "believe," "plan," "could," "should," "estimate," "expect," "forecast," "outlook," "guidance," "intend," "may," "might," "will," "possible," "potential," "predict," "project," or other similar words, phrases or expressions. Such forward-looking statements include, but are not limited to, market conditions, including the supply of and domestic and international demand for ethanol and co-products; and Pacific Ethanol's plans, objectives, expectations and intentions. It is important to note that Pacific Ethanol's plans, objectives, expectations and intentions are not predictions of actual performance. Actual results may differ materially from Pacific Ethanol's current expectations depending upon a number of factors affecting Pacific Ethanol's business. These factors include, among others, adverse economic and market conditions, including for ethanol and its co-products and high-quality alcohols; export conditions and international demand for ethanol and co-products; fluctuations in the price of and demand for oil and gasoline; raw material costs, including ethanol production input costs; and changes in governmental regulations and policies. These factors also include, among others, the inherent uncertainty associated with financial and other projections; the anticipated size of the markets and continued demand for Pacific Ethanol's products; the impact of competitive products and pricing; the risks and uncertainties normally incident to the ethanol production and marketing industries; changes in generally accepted accounting principles; successful compliance with governmental regulations applicable to Pacific Ethanol's facilities, products and/or businesses; changes in laws and regulations; the loss of key senior management or staff; and other events, factors and risks previously and from time to time disclosed in Pacific Ethanol's filings with the Securities and Exchange Commission including, specifically, those factors set forth in the "Risk Factors" section contained in Pacific Ethanol's Form 10-K filed with the Securities and Exchange Commission on March 15, 2018.



Pacific Ethanol, Inc.

PACIFIC ETHANOL, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited, in thousands, except per share data)

	Three Months Ended March 31,	
	2018	2017
Net sales	\$ 400,027	\$ 386,340
Cost of goods sold	396,665	392,113
Gross profit (loss)	3,362	(5,773)
Selling, general and administrative expenses	9,315	5,450
Loss from operations	(5,953)	(11,223)
Fair value adjustments	—	455
Interest expense	(4,505)	(2,637)
Other income (expense), net	398	(80)
Loss before benefit for income taxes	(10,060)	(13,485)
Benefit for income taxes	563	—
Consolidated net loss	(9,497)	(13,485)
Net loss attributed to noncontrolling interests	1,656	849
Net loss attributed to Pacific Ethanol, Inc.	\$ (7,841)	\$ (12,636)
Preferred stock dividends	\$ (312)	\$ (312)
Net loss available to common stockholders	\$ (8,153)	\$ (12,948)
Net loss per share, basic and diluted	\$ (0.19)	\$ (0.31)
Weighted-average shares outstanding, basic and diluted	42,912	42,375



Pacific Ethanol, Inc.

PACIFIC ETHANOL, INC.
CONSOLIDATED BALANCE SHEETS
(unaudited, in thousands, except par value)

	March 31, 2018	December 31, 2017
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 57,380	\$ 49,489
Accounts receivable, net	74,217	80,344
Inventories	70,262	61,550
Prepaid inventory	3,609	3,281
Derivative instruments	2,981	998
Other current assets	6,082	7,584
Total current assets	<u>214,531</u>	<u>203,246</u>
Property and equipment, net	<u>502,545</u>	<u>508,352</u>
Other Assets:		
Intangible assets	2,678	2,678
Other assets	4,725	6,020
Total other assets	<u>7,403</u>	<u>8,698</u>
Total Assets	<u>\$ 724,479</u>	<u>\$ 720,296</u>



Pacific Ethanol, Inc.

PACIFIC ETHANOL, INC.
CONSOLIDATED BALANCE SHEETS (CONTINUED)
(unaudited, in thousands, except par value)

	March 31, 2018	December 31, 2017
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Current Liabilities:		
Accounts payable – trade	\$ 44,671	\$ 39,738
Accrued liabilities	24,255	21,673
Current portion – capital leases	380	592
Current portion – long-term debt	16,500	20,000
Derivative instruments	3,094	2,307
Other current liabilities	6,955	6,396
Total current liabilities	<u>95,855</u>	<u>90,706</u>
Long-term debt, net of current portion	228,625	221,091
Capital leases, net of current portion	112	123
Other liabilities	25,261	24,676
Total Liabilities	<u>349,853</u>	<u>336,596</u>
Stockholders' Equity:		
Pacific Ethanol, Inc. Stockholders' Equity:		
Preferred stock, \$0.001 par value; 10,000 shares authorized;		
Series A: no shares issued and outstanding as of		
March 31, 2018, and December 31, 2017		
Series B: 927 shares issued and outstanding as of		
March 31, 2018, and December 31, 2017		
	1	1
Common stock, \$0.001 par value; 300,000 shares authorized; 43,954 and 43,985 shares issued and outstanding as of March 31, 2018, and December 31, 2017, respectively	44	44
Non-voting common stock, \$0.001 par value; 3,553 shares authorized; 1 share issued and outstanding as of March 31, 2018, and December 31, 2017	—	—
Additional paid-in capital	927,825	927,090
Accumulated other comprehensive loss	(2,234)	(2,234)
Accumulated deficit	(576,615)	(568,462)
Total Pacific Ethanol, Inc. Stockholders' Equity	<u>349,021</u>	<u>356,439</u>
Noncontrolling interests	25,605	27,261
Total Stockholders' Equity	<u>374,626</u>	<u>383,700</u>
Total Liabilities and Stockholders' Equity	<u>\$ 724,479</u>	<u>\$ 720,296</u>



Pacific Ethanol, Inc.

Reconciliation of Adjusted EBITDA to Net Loss

<i>(in thousands) (unaudited)</i>	Three Months Ended March 31,	
	2018	2017
Net loss attributed to Pacific Ethanol, Inc.	\$ (7,841)	\$ (12,636)
Adjustments:		
Interest expense*	4,404	2,614
Benefit for income taxes	(563)	—
Fair value adjustments	—	(455)
Depreciation and amortization expense*	9,654	8,607
Total adjustments	13,495	10,766
Adjusted EBITDA	\$ 5,654	\$ (1,870)

* Adjusted for noncontrolling interests.

Commodity Price Performance

<i>(unaudited)</i>	Three Months Ended March 31,	
	2018	2017
Production gallons sold (in millions)	140.8	115.0
Third party gallons sold (in millions)	91.9	111.2
Total gallons sold (in millions)	232.7	226.2
Total gallons produced (in millions)	142.1	117.9
Production capacity utilization	94%	92%
Average ethanol sales price per gallon	\$ 1.57	\$ 1.62
Average CBOT ethanol price per gallon	\$ 1.42	\$ 1.52
Corn cost – CBOT equivalent	\$ 3.57	\$ 3.64
Average basis	\$ 0.27	\$ 0.29
Delivered corn cost	\$ 3.84	\$ 3.93
Total co-product tons sold (in thousands)	798.0	685.5
Co-product return % (1)	37.1%	34.9%

(1) Co-product revenue as a percentage of delivered cost of corn.