



**FOR IMMEDIATE RELEASE**

## **Rentech Idles Wawa Facility; Exploring Strategic Alternatives**

*Provides Updates on Business Units*

- *Wawa facility continues to experience equipment and operating challenges; plant is being idled to reduce near-term cash needs in Canada and preserve liquidity for Rentech (the Company)*
- *Atikokan facility production being reduced to levels required to fulfill OPG off-take contract*
- *Pellet sales at NEWP continue to be sluggish*
- *Customer plans to exercise purchase option for two of Fulghum's U.S. mills*
- *Exploring strategic alternatives for Wawa facility and the Company as a whole*

WASHINGTON, DC (February 21, 2017) – Rentech, Inc. (NASDAQ: RTK) announced today that its board has decided to idle the Wawa facility due to equipment and operational issues that would require additional unbudgeted capital investment. Today's decision also results from continued uncertainty around profitability on pellets produced at the facility, making additional investment in the facility uneconomic for Rentech at this time. Idling the plant will allow Rentech to conserve liquidity as it formally explores strategic alternatives for the plant including ongoing discussions with third parties. In conjunction with the strategic review of the Wawa facility, Rentech is also exploring strategic alternatives for the Company as a whole. In addition to these announcements, Rentech is providing updates on its other operating businesses.

### **Wawa Facility**

As noted in prior communications, the Wawa facility experienced equipment and operating challenges subsequent to the replacement of problematic conveyors last fall. These issues have persisted.

On February 16, 2017, our board made the decision to suspend operations at the facility. This decision is based in part on our review of the work by a third-party engineering firm to identify necessary capital improvements. While we believe that the issues we have been experiencing at the facility can be resolved with additional capital investments, we have concluded that it is not economical to pursue those investments or to continue to operate the facility at this time. Rentech's other businesses, including its Atikokan facility, continue to operate without interruption.

As a result of this decision, the Wawa operations team will immediately begin a safe and orderly idling of the facility, which the Company expects to complete in approximately two weeks. When the facility is successfully idled, a small workforce will remain in place to maintain the plant so that it can resume operations with minimal cost and time if there is interest from a third party to invest in or purchase the facility. The remainder of the workforce will be placed on a temporary layoff while options for the facility are explored.

Rentech expects to incur a significant asset impairment charge relating to the Wawa and Atikokan facilities in its fourth quarter 2016 results.

## **Updates on Other Businesses**

### ***Atikokan Facility***

We are reducing production at the Atikokan facility to levels necessary to fulfill the delivery requirements under the Ontario Power Generation off-take contract. We expect the Atikokan facility to generate cash flow in the range of break-even to slightly positive in 2017 under this revised operating plan. Atikokan will no longer ship pellets to the Port of Quebec. We will continue to explore alternatives for selling additional pellets produced from the Atikokan facility to increase its utilization.

### ***New England Wood Pellet***

In the first three quarters of 2016, pellet sales at New England Wood Pellet (NEWP) were negatively impacted by relatively warmer weather than in previous years, continued low-cost heating oil and propane, and changes in consumer buying patterns. The first two issues continued to impact wood pellet sales for the fourth quarter of 2016 and as a result, the market failed to materialize as we had expected. Rentech now expects NEWP to generate Adjusted EBITDA of \$4-\$4.5 million in 2016. While some of these trends may continue into 2017, we believe that they are temporary in nature and we expect the business will return to historical levels of profitability. Further explanation of Adjusted EBITDA, a non-GAAP financial measure, appears below.

### ***Fulghum Fibres***

A customer of Fulghum Fibres (Fulghum) has indicated its intent to exercise its option to purchase two wood chipping mills that Fulghum is operating for the customer under a processing agreement. The Company expects the loss of the contract to negatively impact Fulghum's cash flow in the second half of 2017 and going forward. If the purchase option is indeed exercised, the Company expects to receive a one-time cash payment of approximately \$5.5 million.

Fulghum continues to focus on efficiently operating its remaining 25 mills in the U.S. and 5 mills in South America and explore opportunities to generate additional cash flow.

## **Strategic Alternatives Review Process**

Rentech intends to explore strategic alternatives for the Wawa facility and for the Company as a whole. In conjunction with this process and to address potential future liquidity needs, Rentech is considering strategic alternatives that may include, but are not limited to, a sale of the Company, a merger or other business combination, a sale of all or a material portion of the Company's assets or a recapitalization.

Rentech has retained Wells Fargo Securities, LLC to assist in the strategic alternatives review process. The Company does not intend to disclose developments with respect to this review until either the Company's board has approved a definitive transaction, it is required to do so by law, or if such disclosure is deemed appropriate. The Company cautions that there is no guarantee that the strategic review will result in a transaction or if a transaction is undertaken, as to its terms or timing.

If an appropriate strategic alternative is not achieved on a timely basis, and if the Company were otherwise unable to secure additional sources of funds to address potential future liquidity needs, there could be a material adverse effect on the Company's business, results of operations, and financial condition. The Company had cash of approximately \$20 million as of February 17, 2017 (excluding cash held by its operating subsidiaries in Canada and South America). In addition, the Company expects NEWP and Fulghum to generate positive cash flow and be self-sufficient from a liquidity perspective in 2017.

## **Disclosure Regarding Non-GAAP Financial Measures**

Adjusted EBITDA, which is a non-GAAP financial measure, is defined as net income from continuing operations plus net interest expense, depreciation and amortization, and other income. Adjusted EBITDA is used as a supplemental financial measure by management and by external users of our consolidated financial statements, such as investors and commercial banks, to assess:

- the financial performance of our assets without regard to financing methods, capital structure or historical cost basis; and
- our operating performance and return on invested capital compared to those of other public companies, without regard to financing methods and capital structure.

Adjusted EBITDA should not be considered an alternative to net income, operating income, net cash provided by operating activities or any other measure of financial performance or liquidity presented in accordance with GAAP. Adjusted EBITDA may have material limitations as a performance measure because it excludes items that are necessary elements of our costs and operations. In addition, Adjusted EBITDA presented by other companies may not be comparable to our presentation, since each company may define these terms differently.

The table below reconciles NEWP's estimated Adjusted EBITDA to estimated net income for 2016.

	<u>Low</u>	<u>High</u>
	(in millions)	
NEWP net income	\$ 0.4	\$ 0.9
Add NEWP items:		
Net interest expense	0.7	0.7
Depreciation and amortization	3.2	3.2
Other income	(0.3)	(0.3)
NEWP's Adjusted EBITDA	<u>\$ 4.0</u>	<u>\$ 4.5</u>

Although the estimates included above reflect our current best estimates, because our audited financial statements for the year ended December 31, 2016 are not yet available, these estimates are preliminary and unaudited and may be revised as a result of management's further review of our results and the completion of our year-end audit. During the course of the preparation of our financial statements and related notes, we may identify items that would require us to make material adjustments to the preliminary financial information presented above.

### **About Rentech, Inc.**

Rentech, Inc. (NASDAQ: RTK) owns and operates wood fibre processing and wood pellet production businesses. Rentech offers a full range of integrated wood fibre services for commercial and industrial customers around the world, including wood chipping services, operations, marketing, trading and vessel loading, through its subsidiary, Fulghum Fibres. The Company's New England Wood Pellet subsidiary is a leading producer of bagged wood pellets for the U.S. heating market. Rentech's industrial wood pellet facilities are designed to produce wood pellets used as fuel for power generation. Please visit [www.rentechinc.com](http://www.rentechinc.com) for more information.

### **Safe Harbor Statement**

This press release contains forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995 about matters such as: potential strategic alternatives and transactions that Rentech may pursue, our ability to conserve liquidity, and the anticipated performance of our businesses. These statements are based on management's current expectations and actual results may differ materially as a result of various risks and uncertainties. Other factors that could cause actual results to differ from those reflected in the forward-looking statements are set forth in the Company's prior press releases and periodic public filings with the Securities and Exchange Commission, which are available via Rentech's website at [www.rentechinc.com](http://www.rentechinc.com). The forward-looking statements in this press release are made as of the date of this press release and Rentech does not undertake to revise or update these forward-looking statements, except to the extent that it is required to do so under applicable law.

**Source: Rentech, Inc.**

**Rentech, Inc.**

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