

# BMO 14<sup>th</sup> Annual Farm to Market Conference

Spring 2019

**Randall C. Stuewe, Chairman and CEO**  
**Brad Phillips, EVP Chief Financial Officer**  
**Melissa A. Gaither, VP IR and Global Communications**

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Bakery Feeds

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DIAMOND  
GREEN DIESEL

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This presentation contains "forward-looking" statements that are subject to risks and uncertainties that could cause the actual results of Darling Ingredients Inc. (the "Company") to differ materially from those expressed or implied in the statements. Statements that are not statements of historical facts are forward-looking statements and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Words such as "estimate," "project," "planned," "contemplate," "potential," "possible," "proposed," "intend," "believe," "anticipate," "expect," "may," "will," "would," "should," "could" and similar expressions are intended to identify forward-looking statements. Forward-looking statements are based on the Company's current expectations and assumptions regarding its business, the economy and other future conditions. The Company cautions readers that any such forward-looking statements it makes are not guarantees of future performance and that actual results may differ materially from anticipated results or expectations expressed in its forward-looking statements as a result of a variety of factors, including many that are beyond the Company's control. These factors include, among others, existing and unknown future limitations on the ability of the Company's direct and indirect subsidiaries to make their cash flow available to the Company for payments on the Company's indebtedness or other purposes; global demands for bio-fuels and grain and oilseed commodities, which have exhibited volatility, and can impact the cost of feed for cattle, hogs and poultry, thus affecting available rendering feedstock and selling prices for the Company's products; reductions in raw material volumes available to the Company due to weak margins in the meat production industry as a result of higher feed costs, reduced consumer demand or other factors, reduced volume from food service establishments, or otherwise; reduced demand for animal feed; reduced finished product prices, including a decline in fat and used cooking oil finished product prices; changes to worldwide government policies relating to renewable fuels and greenhouse gas ("GHG") emissions that adversely affect programs like the U.S. government's renewable fuel standard, low carbon fuel standards ("LCFS") and tax credits for biofuels both in the United States and abroad; possible product recall resulting from developments relating to the discovery of unauthorized adulterations to food or food additives; the occurrence of 2009 H1N1 flu (initially known as "Swine Flu"), Highly pathogenic strains of avian influenza (collectively known as "Bird Flu"), severe acute respiratory syndrome ("SARS"), bovine spongiform encephalopathy (or "BSE"), porcine epidemic diarrhea ("PED") or other diseases associated with animal origin in the United States or elsewhere, such as the recent African Swine Fever ("ASF") outbreak in China; unanticipated costs and/or reductions in raw material volumes related to the Company's compliance with the existing or unforeseen new U.S. or foreign (including, without limitation, China) regulations (including new or modified animal feed, Bird Flu, SARS, PED, BSE or ASF or similar or unanticipated regulations) affecting the industries in which the Company operates or its value added products; risks associated with the DGD Joint Venture, including possible unanticipated operating disruptions and issues relating to the announced expansion project; risks and uncertainties relating to international sales and operations, including imposition of tariffs, quotas, trade barriers and other trade protections imposed by foreign countries; difficulties or a significant disruption in our information systems or failure to implement new systems and software successfully, including our ongoing enterprise resource planning project; risks relating to possible third party claims of intellectual property infringement; increased contributions to the Company's pension and benefit plans, including multiemployer and employer-sponsored defined benefit pension plans as required by legislation, regulation or other applicable U.S. or foreign law or resulting from a U.S. mass withdrawal event; bad debt write-offs; loss of or failure to obtain necessary permits and registrations; continued or escalated conflict in the Middle East, North Korea, Ukraine or elsewhere; uncertainty regarding the likely exit of the U.K. from the European Union; and/or unfavorable export or import markets. 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The Company's announced share repurchase program may be suspended or discontinued at any time and purchases of shares under the program are subject to market conditions and other factors, which are likely to change from time to time. Other risks and uncertainties regarding Darling Ingredients Inc., its business and the industries in which it operates are referenced from time to time in the Company's filings with the Securities and Exchange Commission. Darling Ingredients Inc. is under no obligation to (and expressly disclaims any such obligation to) update or alter its forward-looking statements whether as a result of new information, future events or otherwise.

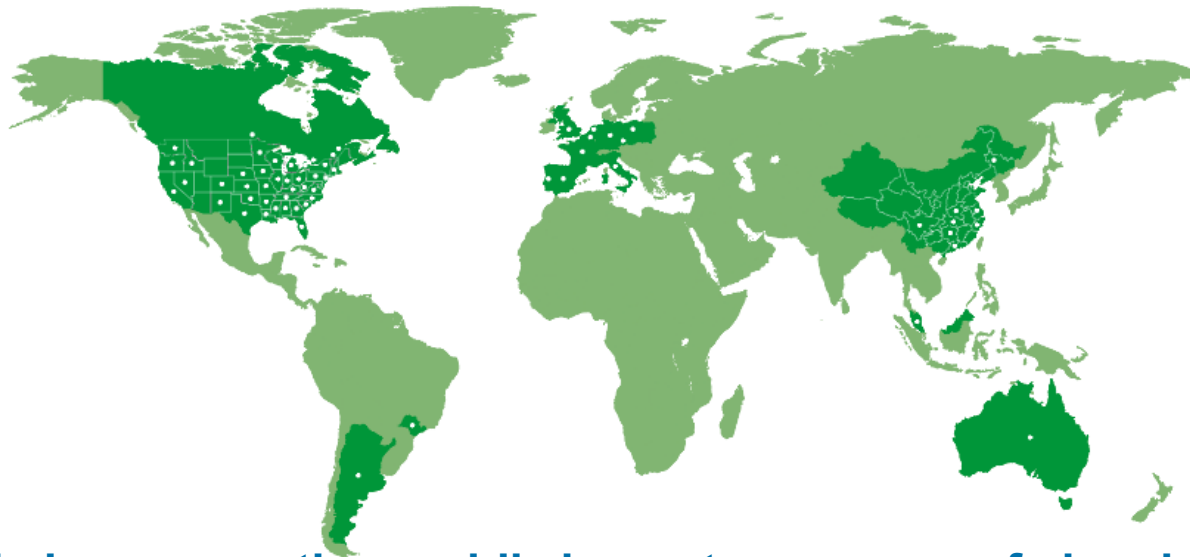
# Who is Darling Ingredients



**1882**

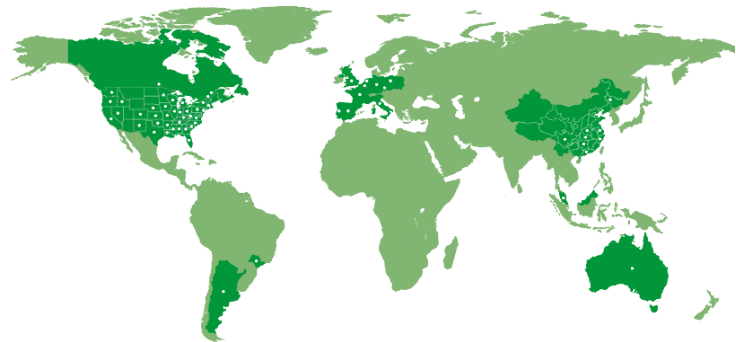
**Founded by**  
Ira Darling  
in **Chicago**,  
as a solution to beef  
stockyards growth

**For over 135 years we have led our industry....**



**Today, we are the world's largest processor of slaughtered animal by-products transforming them into value-added ingredients and solutions to feed and fuel the world**

# We operate a diverse global platform



**200+** locations worldwide

**15** countries

**5** continents

**~10,000** employees



**HQ** Irving, Texas

**135+** years in business

**DAR (NYSE)**

Publicly traded  
since 1994

**\$3.4 billion**

2018 sales  
revenue

## Industries served:

Pharma, food, animal feed, pet food,  
bioenergy, fuel, fertilizer, aquaculture



# Producing a wide array of products.....



*that touches  
the lives of  
families  
around the  
world...  
every day!*

**Providing solutions to feed and fuel a growing world**

# Closing the loops with sustainable solutions

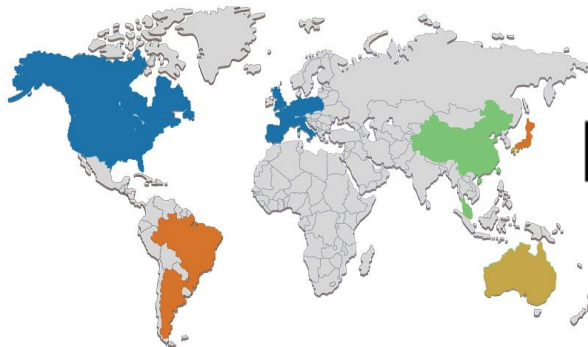


# Growing rapidly for the last 16 years.....

**DAR**  
**LISTED**  
**NYSE**



Over 200 locations on 5 continents



**2003**

- New CEO **Randall Stuewe**
- Russell 2000 Index

**2006**

Acquired National By-Products (USA growth)

**2007**

Listed on NYSE: DAR

**2010**

Griffin Industries acquisition fills USA footprint

**2013**

- **Diamond Green Diesel** a game changer
- Rothsay acquired: **Canadian presence**

**2014**

Acquired Vion Ingredients: **sets global stage**

**2015**

Name change: **Darling Ingredients**

**2016-18**

**13 new processing plants** constructed or acquired

**2018**

DGD **Phase 2 expansion** to 275 mm gallons

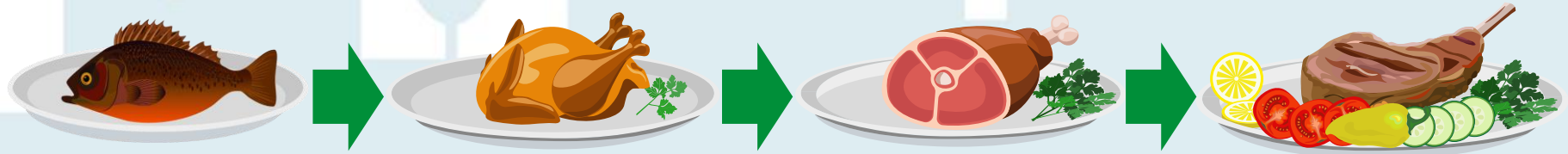
**Feed + Fertilizer**

**+ Biofuel**

**+ Food & Pharma**

# Supported by our basic belief.....

As populations grow, countries' wealth increase,  
people eat better and that generally includes  
center of the plate protein



From fish ..... to chicken ..... to pork & beef



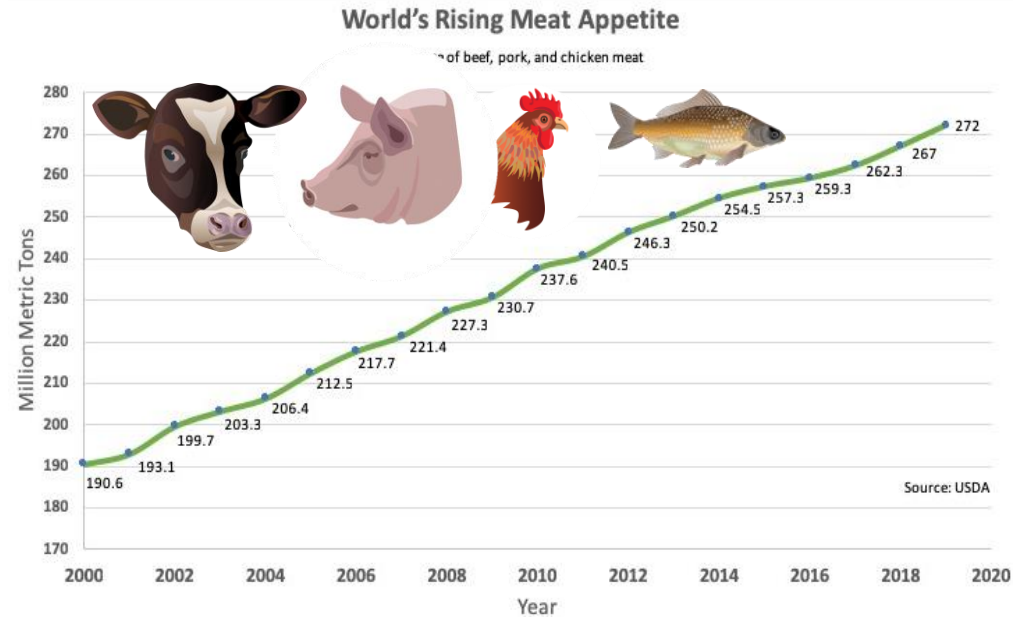
# And we see this trend continuing.....

Despite Meatless Mondays and plant-based protein alternatives, in 2018, Americans hit an all-time high in meat consumption, ~270.7 pounds/person/year.

Though per capita **consumption** will rise slower (up 3% thru 2030), the world's total meat consumption will increase 15% due to growing population<sup>1</sup>.

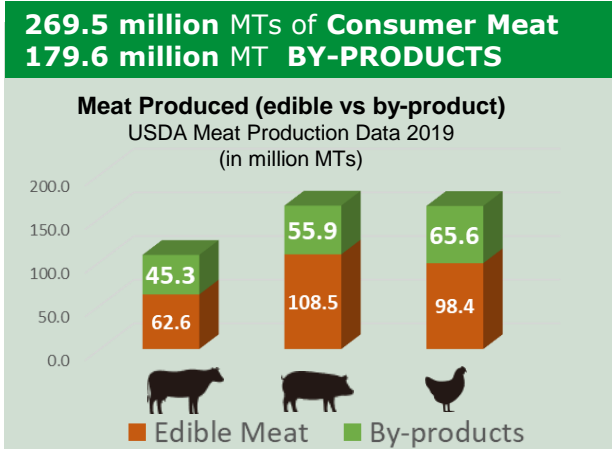
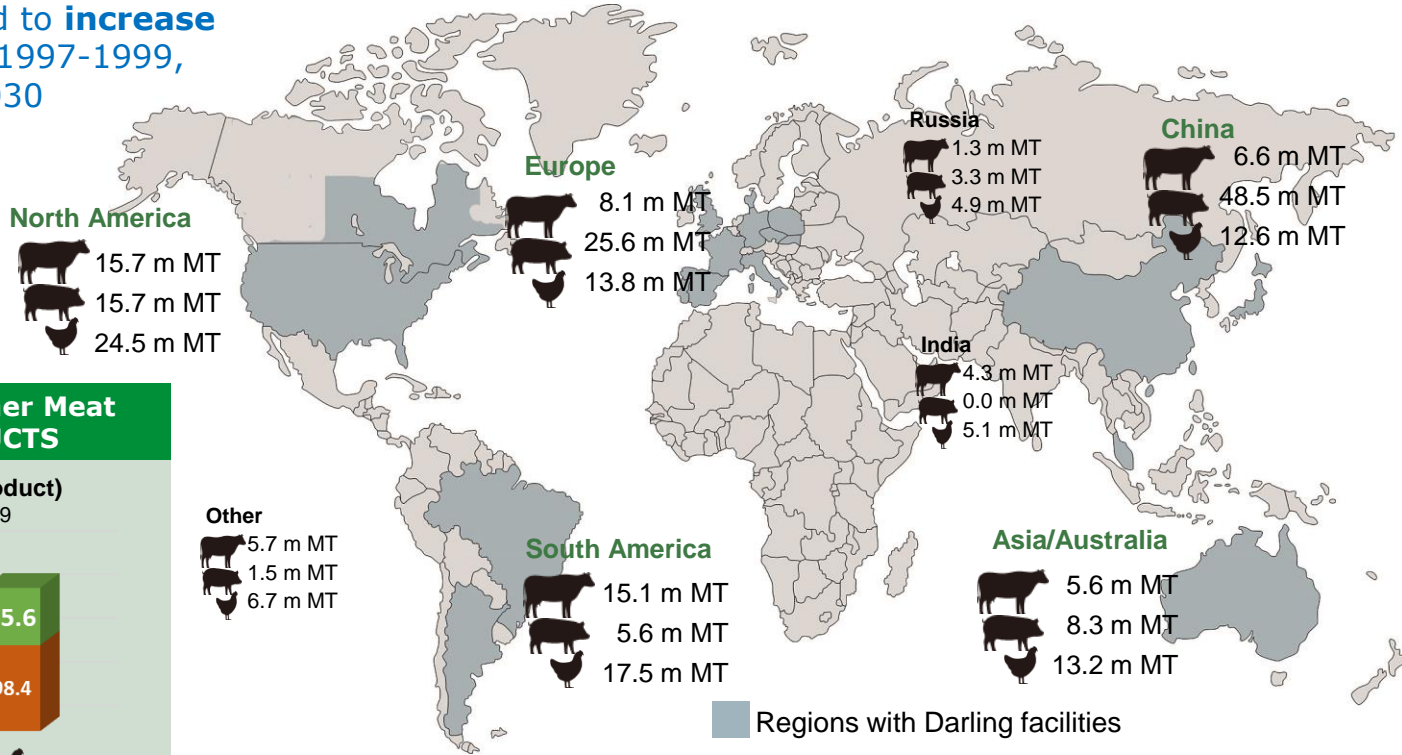
Meat production is growing approximately 2% each year

<sup>1</sup> Organization for Economic Cooperation and Development (OECD), and UN Food and Agriculture Organization (FAO)



# ...and Darling will play a significant role in feeding and fueling the world

Meat production expected to **increase** from **218 million MT** in 1997-1999, to **376 million MT** by 2030



\*all figures are in millions Metric Tons  
1 MT = 1.1 US ton  
SOURCE: USDA

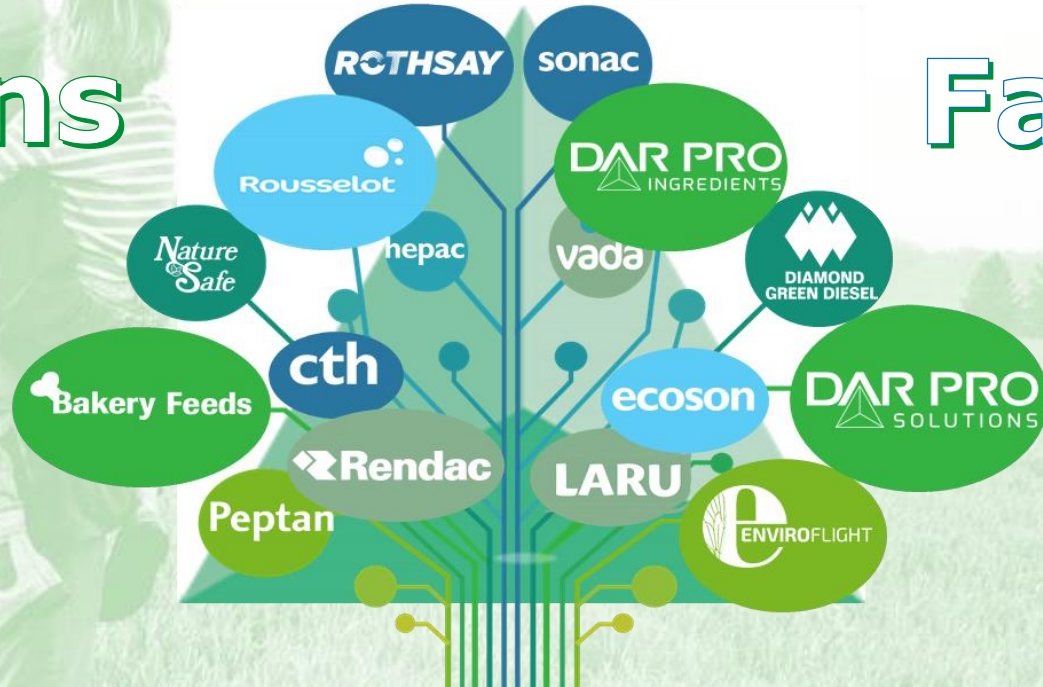
Source: USDA Meat Production

# So how do you think about our business?

Darling is in the protein and fat recovery business

# Proteins

# Fats



Darling processes ~10%  
of the world's animal by-products

Even simplifying it more.....

**Proteins**

**Fats**

**are sold as sustainable ingredients**

Collagen

Proteins

Bioenergy

**Segmented for reporting into**

**FOOD**

**FEED**

**FUEL**





# Driving our strategy of.....

## Providing natural and sustainable solutions for feeding and fueling a growing population

Accomplished through

### Building

New Grapeland, TX poultry plant



### Acquiring

TripleT acquisition, Springdale, AR



### Developing



animal-based ingredient businesses across the globe

# And reported as segments....

**\$1 billion** FOOD company

## FOOD

**Tons: 1.11 million MT**

**EBITDA: \$131.3 5-year avg.**

### Sector Developments:

- **2018/2019**– Expansion of collagen/peptide product line
- **2019**– 4 food facilities under construction or expansion: Brazil (2), France, Belgium



Note: 2018 revenues and processed amounts of raw material for all segments  
EBITDA averages in \$ millions

**\$2 billion** FEED company

## FEED

**Tons: 8.60 million MT**

**EBITDA: \$308.1 5-year avg.**

### Sector Developments:

- **2018**– 5 feed plants built/expanded: USA(4) & Germany
  - New organic fertilizer plant constructed (USA)
  - 3 feed plants acquired: USA(2) & Poland
- **2019**– 2 new poultry plants (USA)



**\$635 million** FUEL company

## FUEL\*

**Tons: 1.82 million MT**

**EBITDA: \$148.4 5-year avg.**

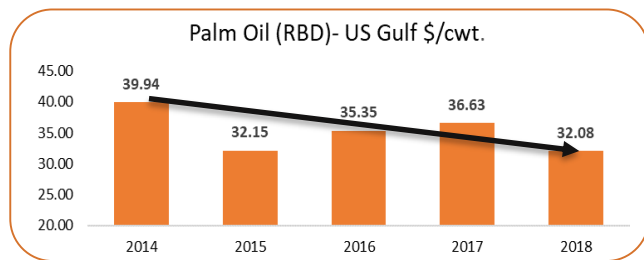
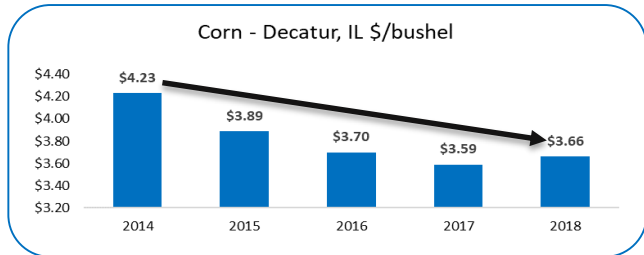
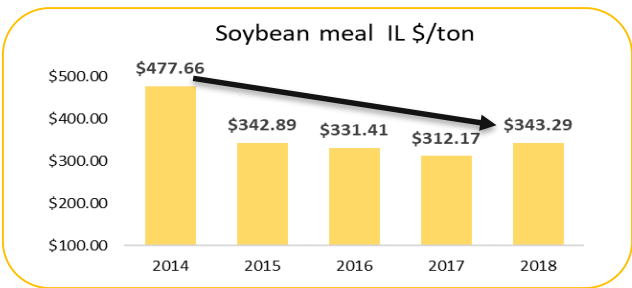
### Sector Developments:

- **2018**– new green energy plant Phase 1 (Belgium);
  - 2<sup>nd</sup> DGD renewable diesel expansion (USA)
- **2019**– green energy plant Phase 2 (Belgium);
  - 3<sup>rd</sup> DGD expansion underway

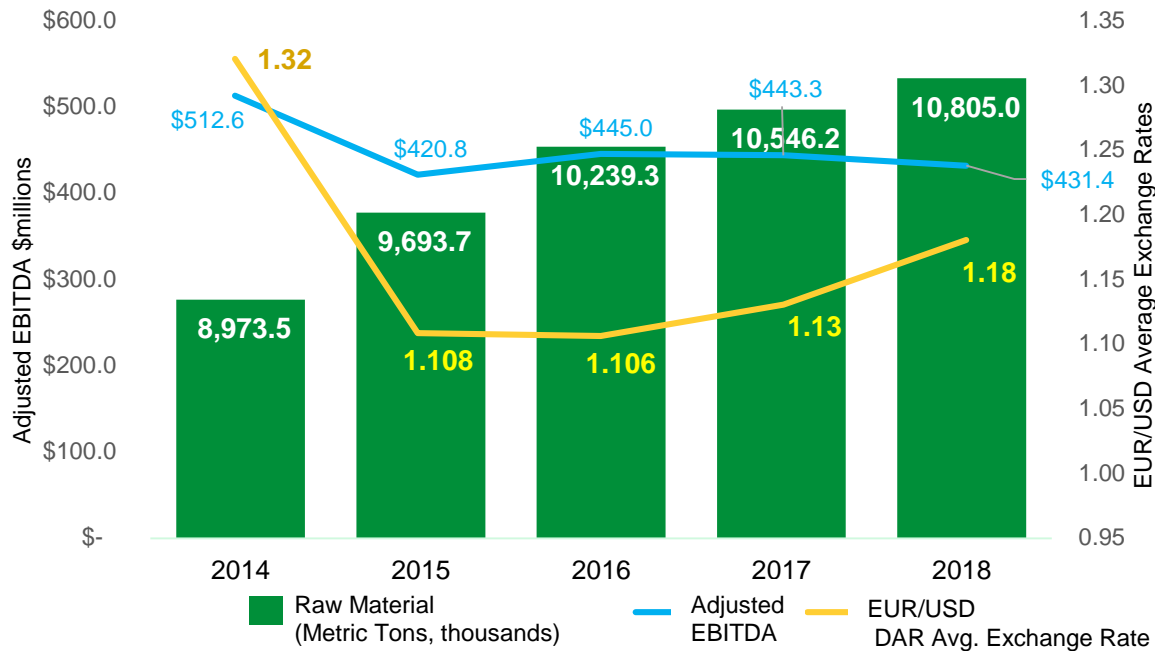


Fuel segment includes DGD Entity  
\*includes Diamond Green Diesel revenues, tons and EBITDA

# Creating strong financial performance & predictable margins from our core segments



Source: The Jacobsen Index



- Diverse portfolio
- Spread managed
- One stop shop to slaughter industry
- CAPEX focused on feedstock for future

# However, we see a world in transition

8.5 billion humans to feed by 2030

with **dwindling resources** to provide for them



And we believe Darling has an obligation to develop solutions



# No matter your view of HOW or WHY, Climate Change is clearly happening

**There is no single answer – we all must do our part.**

**Darling is well positioned to provide **sustainable solutions** for our growing world.**



# In 2013, Darling Ingredients and Valero Energy joined forces to create Diamond Green Diesel



## Leading green feedstock supplier

- **Darling (NYSE: DAR)** collects and transforms all aspects of animal by-product streams into useable and specialty ingredients
- **Processes ~10% of world's meat by-products** into a diverse portfolio of fats and proteins
- **Global** presence

## Leading green fuel producer

- **Valero (NYSE: VLO)** an international manufacturer and marketer of transportation fuels & petrochemical products
- **15 refineries** with a combined throughput capacity of ~3.1 million barrels per day
- **14 ethanol plants** with a combined production capacity of 1.73 billion gallons per year

February 2011

Approved  
a 160 MM  
gallons  
per year  
project

June 2013

First  
renewable  
diesel  
production

August 2018

Expansion  
completed  
for a total of  
275 MM  
gallons per  
year capacity

November 2018

Approved  
capacity  
expansion to  
total 675 MM  
gallons per year  
in late 2021

**NORTH AMERICA'S LARGEST RENEWABLE DIESEL PLANT,  
ADJACENT TO VALERO'S ST. CHARLES, LA REFINERY**

# Creating a solution to help with clean air and clean energy

19

Diamond Green Diesel was originally conceived to fill the mandated volumes driven by the **Renewable Fuel Standard**

## RENEWABLE DIESEL (RD)

- RD is a drop-in fuel
- RD has same chemical properties as petro-diesel, with biofuel advantages
- RD has no cold-flow or algae growth issues
- RD has higher cetane index, burning more completely, and even cleaner than biodiesel
- RD is pipeline ready



**DGD IS THE ONLY VERTICALLY INTEGRATED PRODUCER  
OF RENEWABLE DIESEL IN THE WORLD**



## Diamond Green Diesel (50% Joint Venture)



US\$ (millions)	2014	2015	2016	2017	2018	Q1 2019
<b>EBITDA (Entity)</b>	\$163.3	\$177.0	\$174.4	*\$246.8	\$187.6	<b>\$59.7</b>
<b>EBITDA (Darling's share)</b>	81.6	88.5	87.2	* 123.4	93.8	<b>29.8</b>
<b>Gallons Produced</b>	127.3	158.8	158.1	161.3	160.3	<b>67.6</b>
<b>Gallons Sold</b>	126.2	156.6	161.0	160.4	157.4	<b>71.1</b>

\*Includes 2017 retroactive blenders tax credit of \$160.4 million that was approved in February 2018 and recorded in Q1 2018



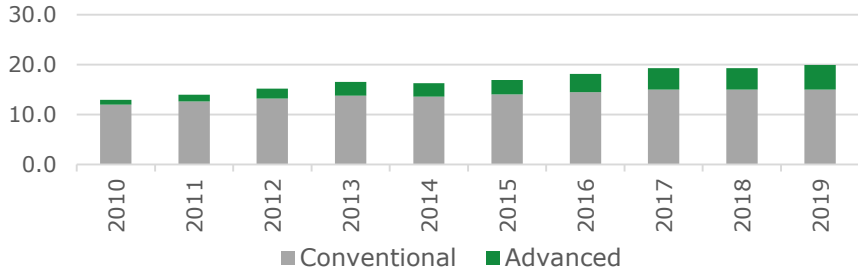


# But.... renewable fuel is not solely supported by government mandated programs...

**RD originally received support from programs intended to help agriculture and ensure energy security...**

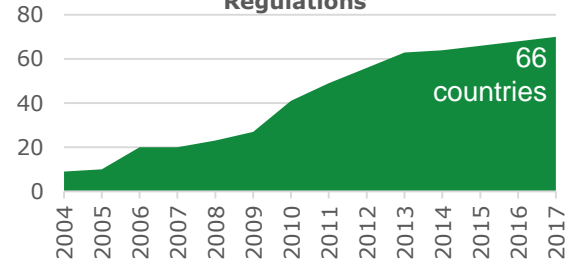
**...and then through agreements & programs, focused on combatting climate change...**

**Renewable Fuel Standard Volumes by Year (Billions of Gallons)**



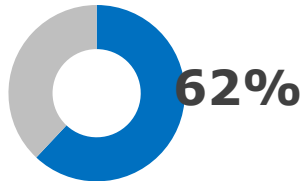
- **RFS 2 (USA)**
- **Paris Climate Accord**
- **LCFS**
- **RED II**

**Number of Countries with Renewable Energy Transport Regulations**

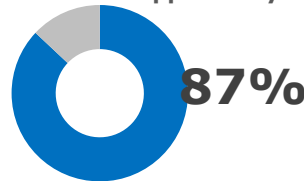


**...and while consumer awareness and access to availability are currently lacking, the future use of renewable diesel will also be underpinned by a number of growing consumer trends.**

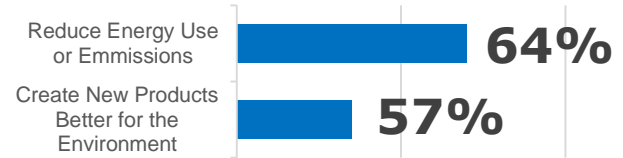
**% Americans Believe Climate Change is a Problem**



**% Consumers Would Buy a Product with a Social or Environmental Benefit if Given the Opportunity**



**Ways Americans Believe Companies Should Address Climate Change**



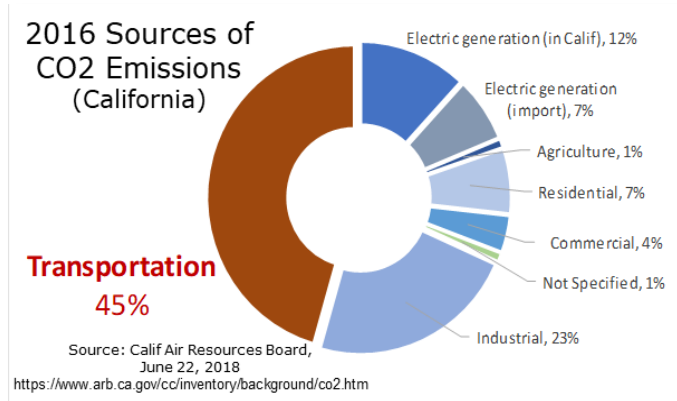


# Low carbon biofuels help lower GHG emissions from tail pipes = Cleaner air

**California has led the charge on reducing GHG emissions (2007: LCFS) – Low carbon fuels are *mandated* to replace increasing percentages of petroleum-based diesel fuel.**

**Low carbon fuels from animal fats and used cooking oils are a GHG-REDUCTION SOLUTION**

- **Up to 85% reduction in GHG emissions**
- **Clean burning, no power efficiency loss**
- **Meets Low Carbon Fuel Standards**



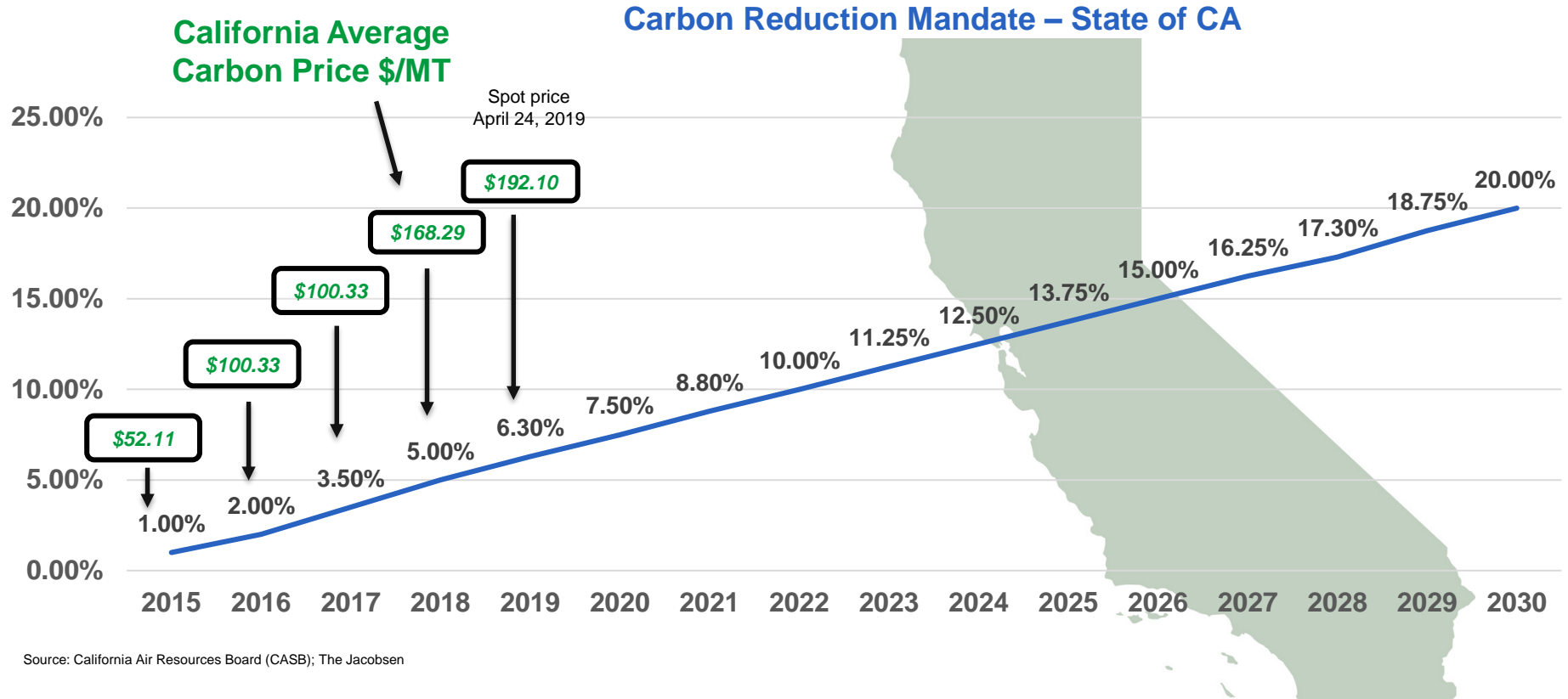
## 2011 through Q1 2018, LCFS impact:

<b>\$2.8</b> billion invested	<b>38</b> million tons CO2 avoided	<b>13.7</b> million gallons petroleum avoided	<b>34%</b> increase clean fuels used
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Source: ARB LCFS compliance data and ADF rulemaking documents, EMPAC 2017, GREET and Clean Air Future Health and Climate Benefits of Zero Emission Vehicles study.

**DARLING INGREDIENTS HAS BEEN PRODUCING BIOFUELS SINCE 1990s,  
BEFORE THERE WERE TAX INCENTIVES OR MANDATES**

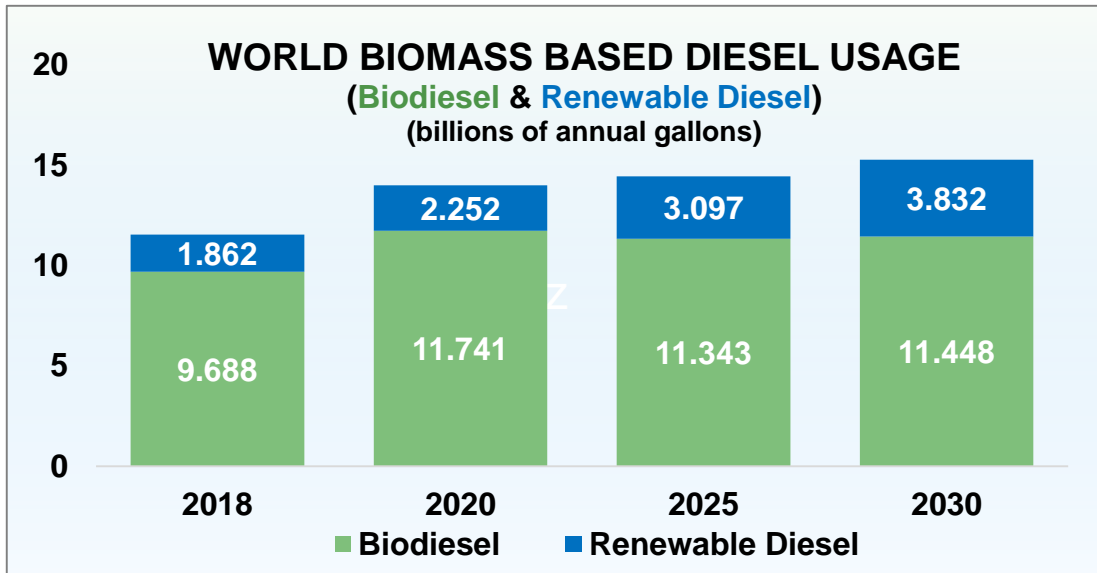
# And yet we are in the early stages of demand for RD





# Renewable Diesel is the solution the world recognizes

**Renewable Diesel is produced from animal fats/used cooking oils and reduces GHG emissions by up to 85%**

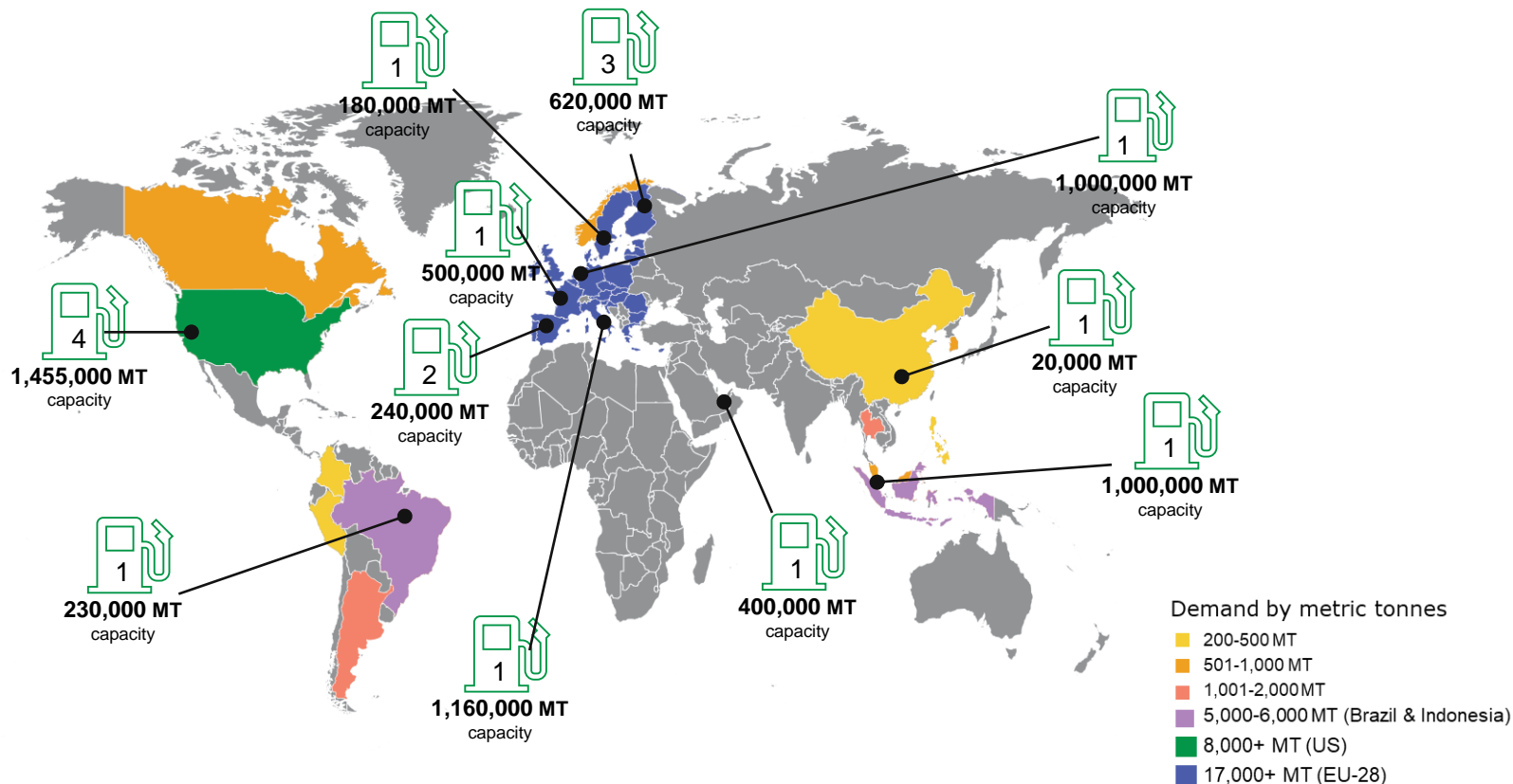


Source: LMC International



**DARLING INGREDIENTS HAS BEEN PRODUCING BIOFUELS SINCE THE 1990s BEFORE THERE WERE TAX INCENTIVES OR MANDATES**

# The world will also produce renewable diesel... but this is positive for Darling's core business

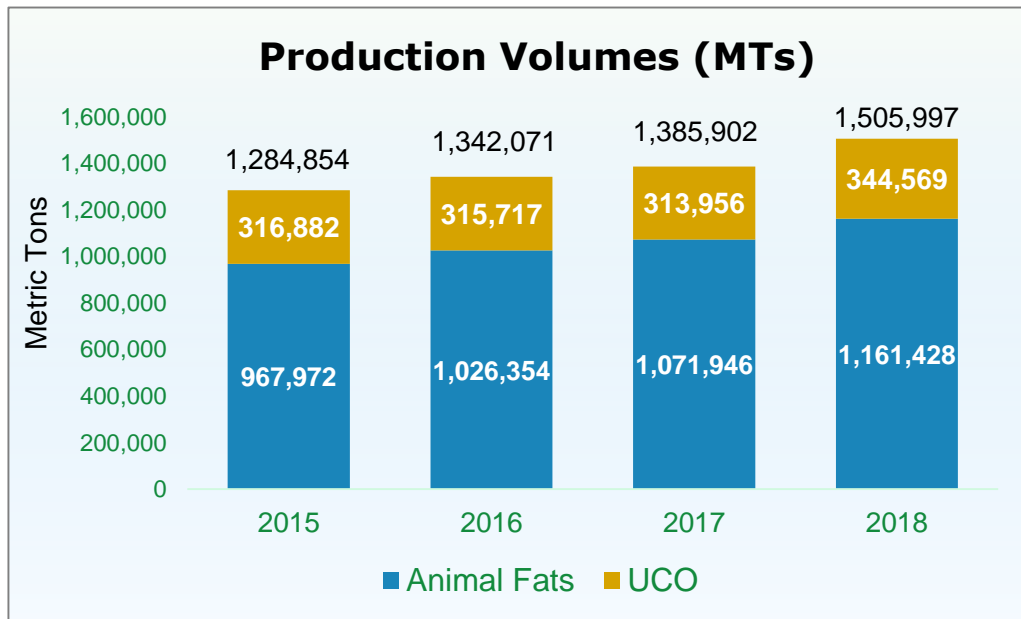


\*NOTE: Number inside fuel pump is number of renewable diesel facilities in that country

Source: Greenea.com

Note: 1 Metric ton = 1.1 US ton  
Source: LMC International, 2018

# Darling is the leading processor of low CI feedstocks in the world...

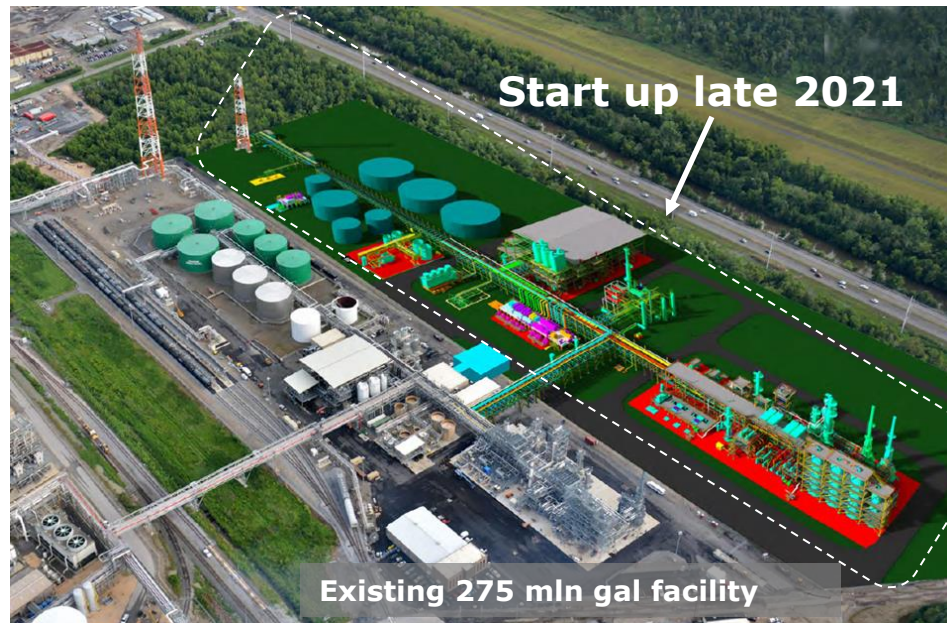


**% of Darling's fats going to biofuel**



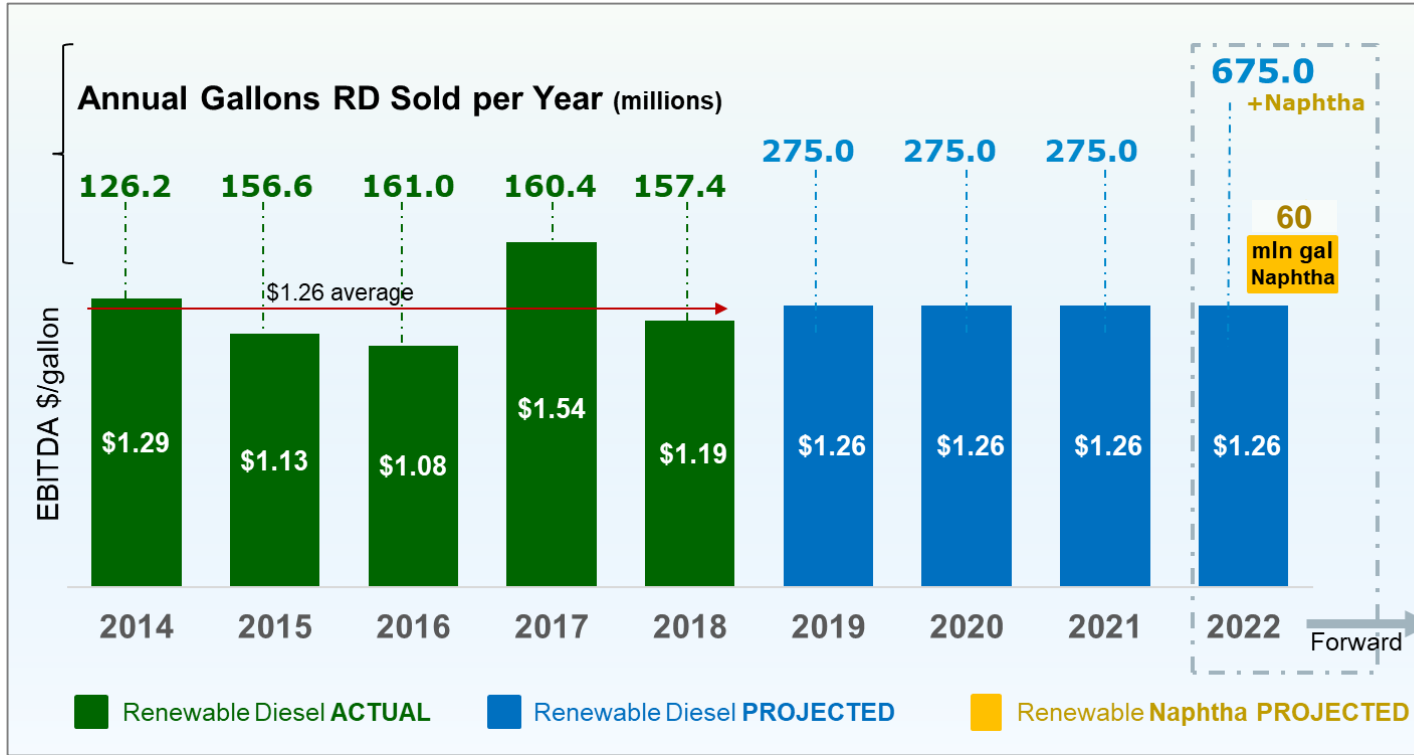
# Providing DAR a unique opportunity to grow...

- **Super Diamond** expansion underway
- **675 million total annual gallons renewable diesel**
- **Parallel 400 million gallon plant**
- Super Diamond estimated expansion costs of **\$1.1 billion** for entire project includes:
  - expansion on 28-acre site
  - improved logistics capability
  - additional rail + water access (more feedstock sourcing flexibility)
  - **renewable Naptha plant** (60 million gallons)





# With an attractive historical margin structure

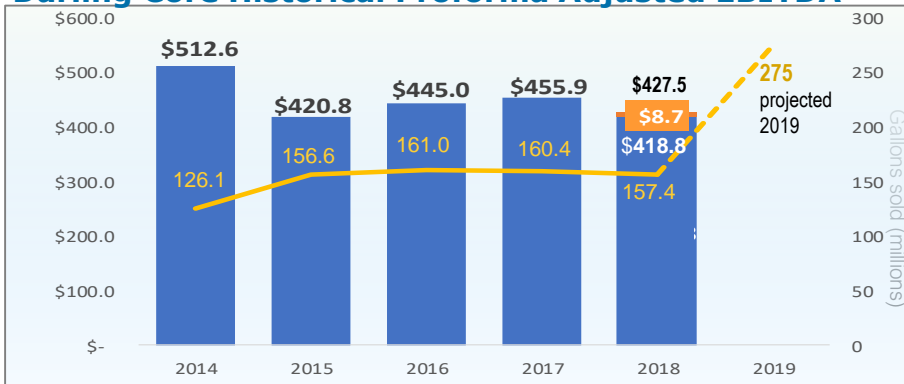


- 5 year average EBITDA per gallon is \$1.26 with Blenders Tax Credit (BTC) included in years 2014-2017
- Capture greater % of LCFS market
- Lowering CI scores
- Renewable Naphtha to Low CI Markets
- Reduced per gallon operating expenses

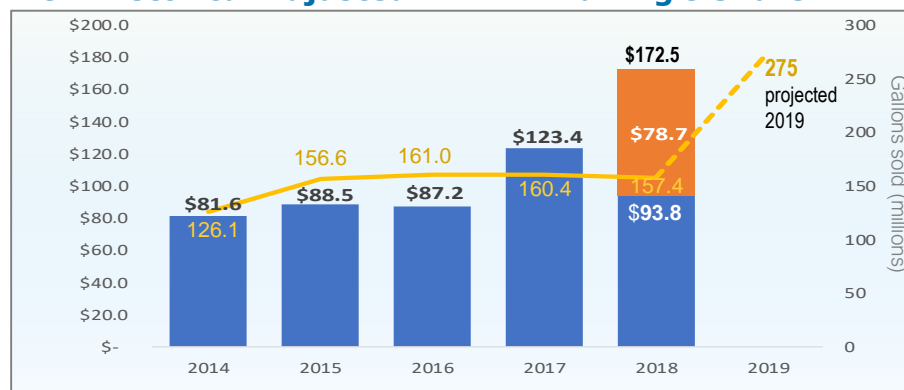
SOURCE: Company financials

# So how do we see the future? Looking back helps us look to the future...

## Darling Core Historical Proforma Adjusted EBITDA

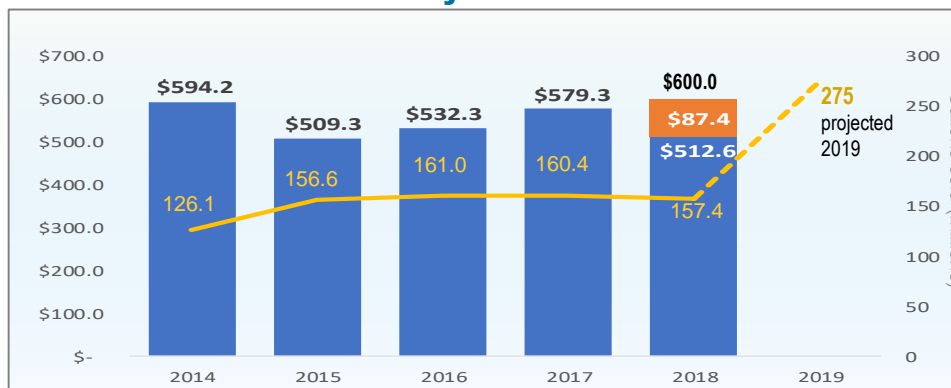


## DGD Historical Adjusted EBITDA Darling's Share



Source: Company 10-K

## Consolidated Proforma Adjusted EBITDA

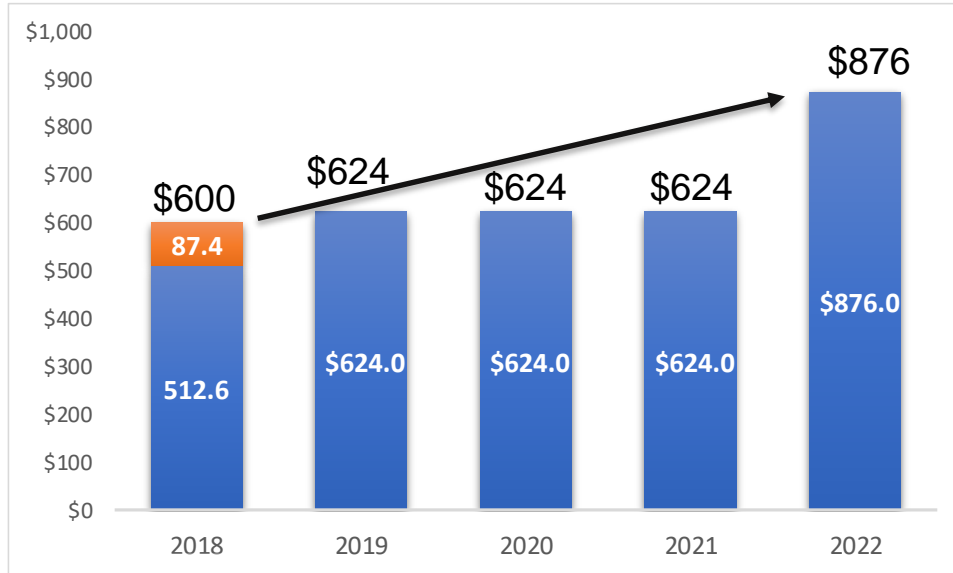


- Actual PF Adj. EBITDA
  - 50% of DGD
  - No FX Normalized
  - 2017 BTC moved to 2017 Actuals vs 2018
  - 2018 additional EBITDA shown if 2018 retroactive BTC occurs
- Gallons of Renewable Diesel sold (millions)

# What do we see in our future?

## Super Diamond will transform and revalue DAR

### Estimated Consolidated Proforma



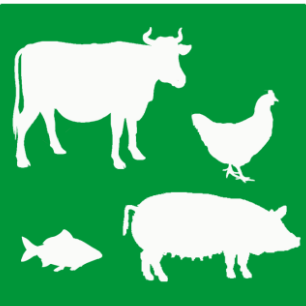
Note: 2018 \$87.4 is potential BTC if enacted



- Assumes 5 year avg. EBITDA for Core
- Assumes 275 mm gallons per year @\$1.26/gallon
- Assumes 675mm gallons for 2022
- DGD will be debt free
- Potential investment in Sweden

**Darling is well positioned to provide sustainable solutions for our growing world.**

# Did you know that Darling...



**Processes**

**10%**

of animal  
byproducts  
worldwide



**Returns**

**10 bln**

gallons of  
water to  
environment



**Removes**

CO2  
equivalent

**450,000**

cars from road  
(from DGD production)



**Produces**

**3.3 bln**

pounds of  
low CI  
feedstock  
for biofuel  
(2018)



**Provides**

**~12,000**

homes  
with green  
electricity  
(Belgium &  
The Netherlands)



**Avoids**

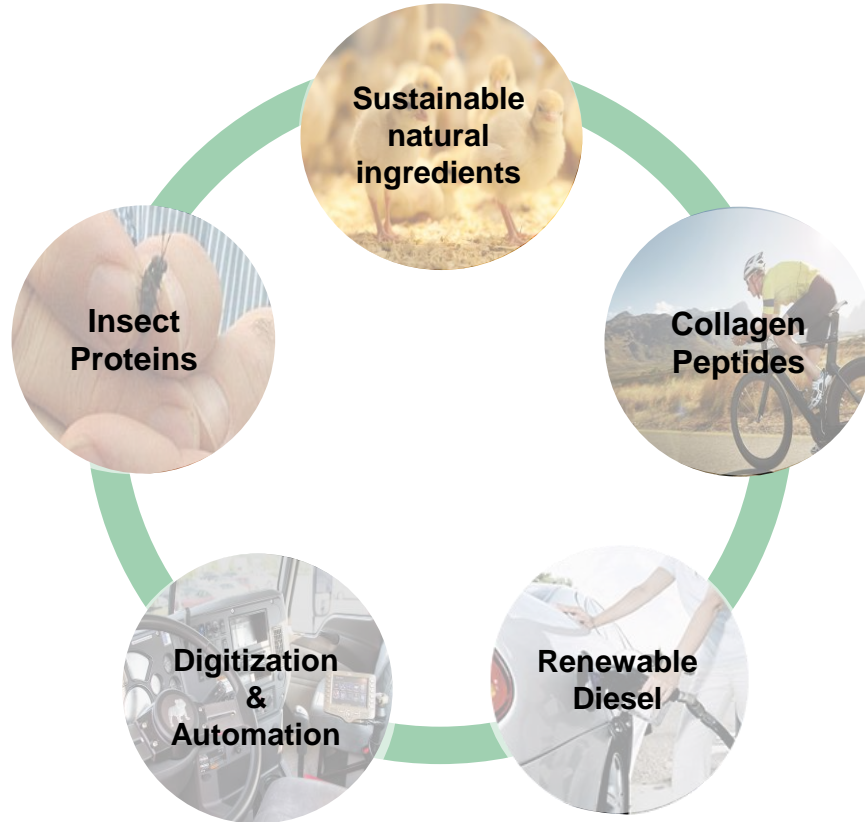
**5.4 mln**

Metric tons of  
CO2 emissions  
(in No. America alone)



# Darling Ingredients...

## A company focused on innovation



**Providing solutions to feed and fuel a growing population**

- **Each day, we invest in a greener future.**
- **A cleaner world.**
- **Healthier people and animals.**
- **A profitable future.**



Feeding and fueling a growing population

**DARLING**  
INGREDIENTS