



Global Used “Cow” Dealer

Barry Pasikov


Managing Member

HAZELTON CAPITAL PARTNERS



July 13-15, 2022

The Fine Print



“If idea is not profitable, it was just a thought experiment.”

Hazelton Capital Partners, LLC is not providing investment advice through this material. This presentation is provided for informational purpose only as an illustration of the firm's investment philosophy and shall not be considered investment advice or a recommendation or solicitation to buy or sell any securities discussed herein. As of the date of this presentation the firm continues to own the securities discussed herein. These opinions are not intended to be a forecast of future events, a guarantee of future results, or investment advice. Past performance is not indicative of future results, and no representation or warranty, express or implied, is made regarding future performance.

Hazelton Capital Partners, LLC may engage in securities transactions that are inconsistent with this communication. The information and any opinions contained herein are as of the date of this material, and the firm does not undertake any obligation to update them. Information contained in this presentation has been obtained from sources which we believe to be reliable, but we do not make any representation as to its accuracy or its completeness and it should not be relied on as such.

This material does not take into account individual client circumstances, objectives, or needs and is not intended as a recommendation to any person who is not a client of the firm. Securities, financial instruments, products or strategies mentioned in this material may not be suitable for all investors.

In reaching a determination as to the appropriateness of any proposed transaction or strategy, clients should undertake a thorough independent review of the legal, regulatory, credit, accounting and economic consequences of such transaction in relation to their particular circumstances and make their own independent decisions.

History

1882

140 Years

Today

Soaps & Fertilizer



Provide Fats & Proteins – Feed, Food, Pharma, Industrial, & Fuel



FOOD



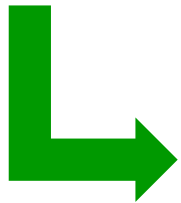
FEED



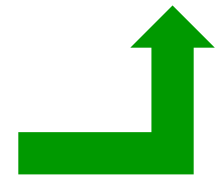
FUEL



Animal By-Product Collection



**~40-50% Meat
Unused**



**~24hrs Delivery
Window**

~56bn lbs Collected in NA → Yields ~22bn lbs Proteins & Fats

Meat Rendering

1 ANIMAL LEFTOVERS & OILS COLLECTED FROM

MEATS



MEAT LOCKERS, PACKING PLANTS & BUTCHER SHOPS

Ex: scraps, bones, fat, blood, feathers



GROCERY STORES

Ex: scraps, expired rotisserie chickens, meats



RESTAURANTS

Ex: used cooking oil

2 RENDERING PROCESS

GROUND
to a uniform size



COOKED

to separate fat & protein
& to kill bacteria



FAT PURIFIED
by centrifuge



FINISHED PRODUCTS

tallow, choice white grease,
fat for feeding, yellow grease, poultry fat

PROTEIN GROUND
to uniform size



FINISHED PRODUCTS

meat meal, blood meal, meat & bone meal,
poultry meal, poultry by-product meal, feather meal

Ingredients ready to
be used in new
products

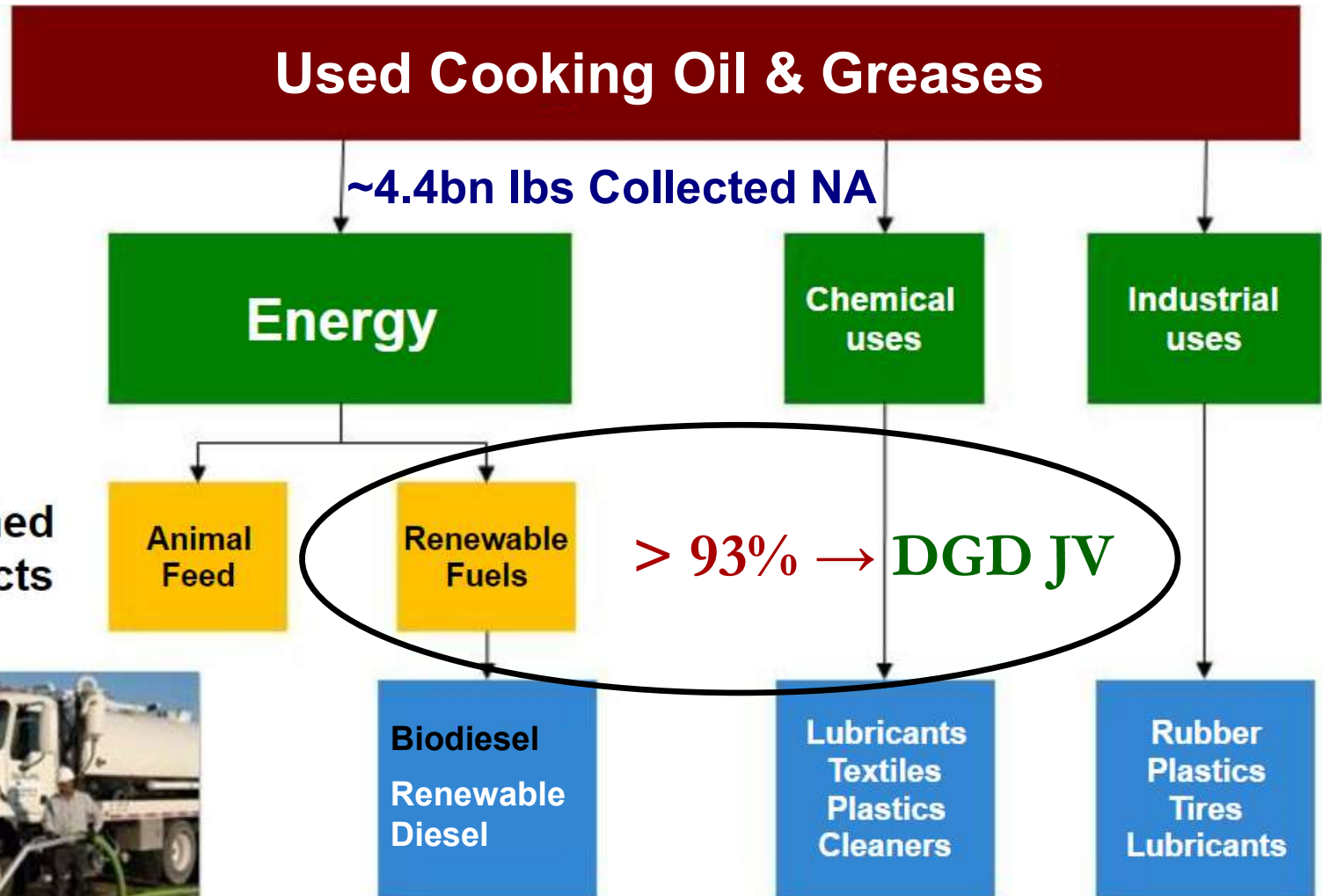
Used Cooking Oil Collection



July 13-15

VALUEX VAIL - DARLING INGREDIENTS

Used Cooking Oil Rendering



Strong Growth



Randall Stuewe - CEO

- ConAgra & Cargil – 18 yrs
- 2003 – Hired as caretaker
 - Board wanted to sell Co
- Invested in operations & employee culture
- 2005 – Positive changes ↑ stock
- 2006 – Bolt-on & Roll-up Acquisitions

Key: NBP, Griffin, DGD, Rothsay, Vion

2003 Revenues
\$323mn – US Focus

2016 Revenues
\$3.4bn - Global

2021 Revenues
\$4.7bn - Global

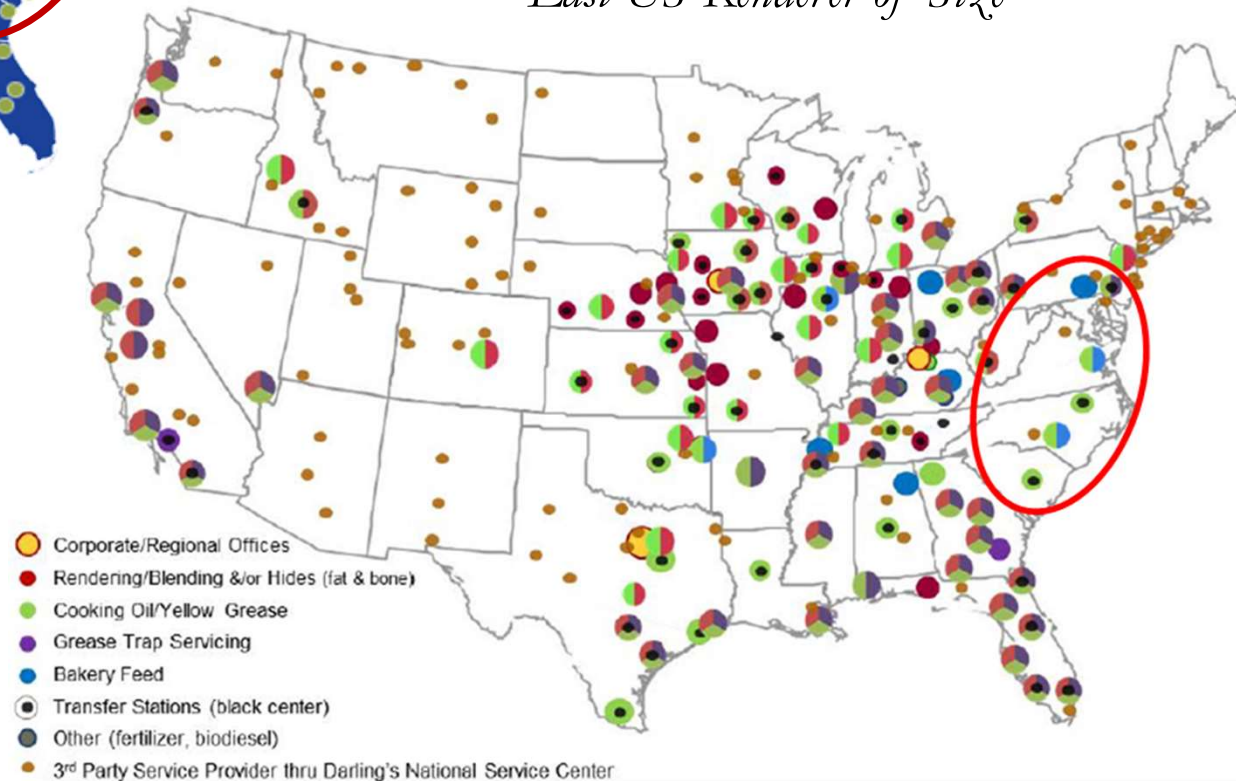


Recent Acquisitions



2022 – Valley Proteins

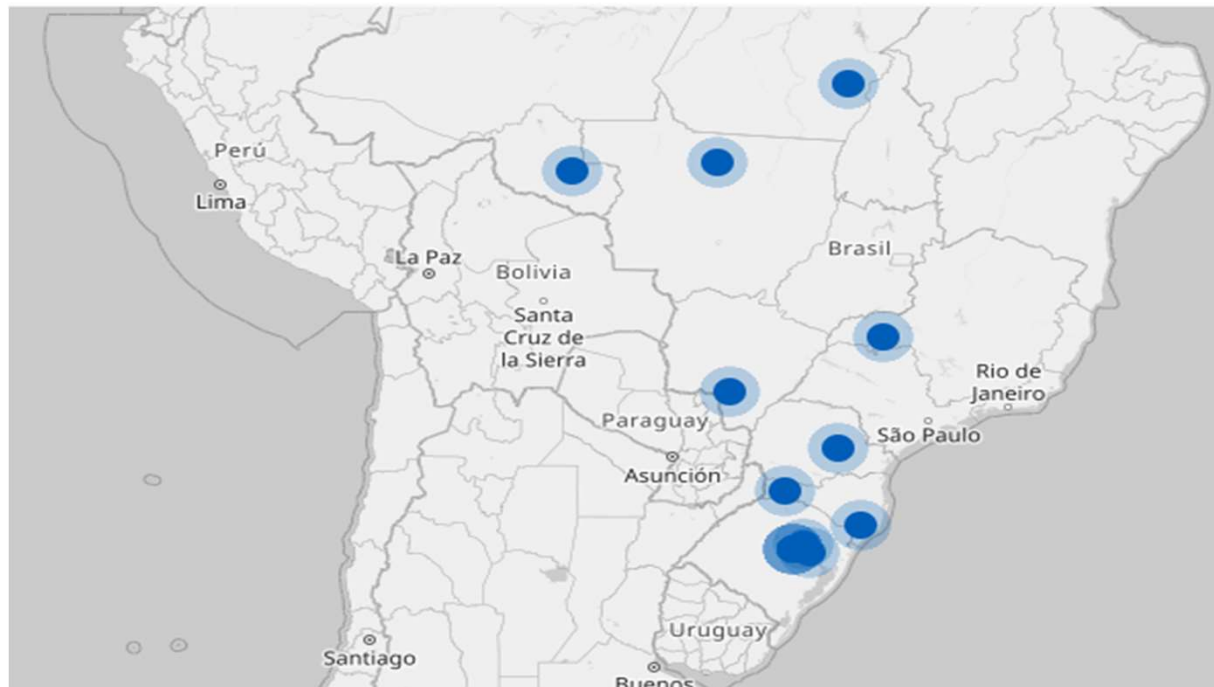
- \$1.1bn = 18 plants
- 2.4mmts → ~40% yield
- UCO collection
- Fills in Eastern Footprint
- Last US Renderer of Size



Recent Acquisitions

2022 – FASA Group (Proposed)

- *Brazilian Meat Renderer*
- *\$560mn = 14 plants*
- *2 plants under construction*
- *1.3mmts → ~40% yield*
- *Help Support DGD*



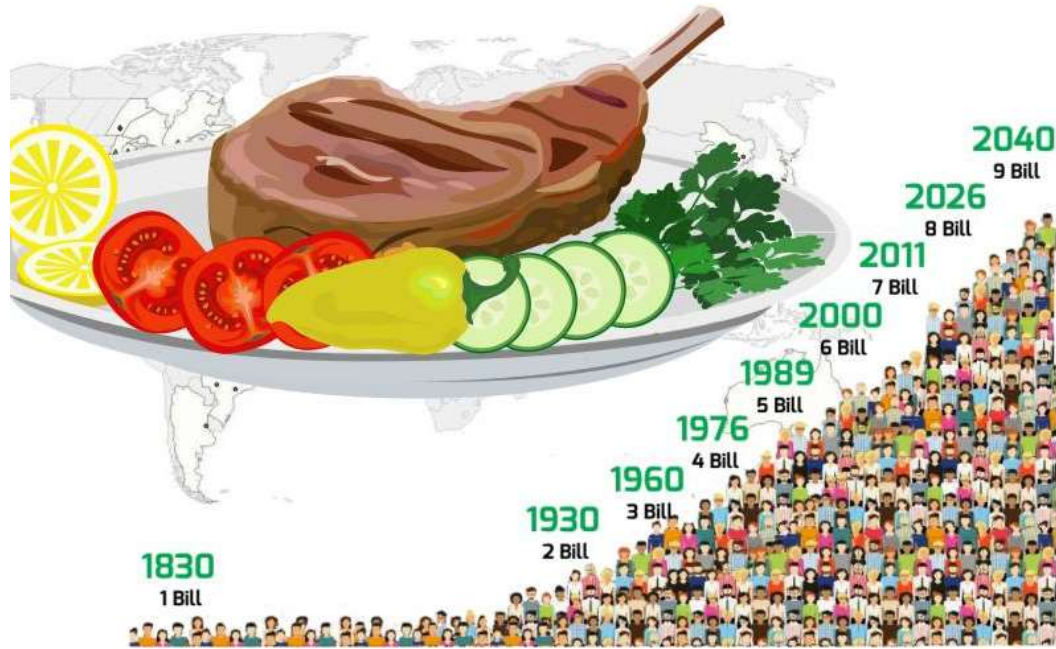
Investing Thesis



Largest Global Meat Renderer of Low Carbon Waste Fats & Oils

- **Improving Operations & Margins (DAR)**
- **Embedded Hedges to Both Feedstocks & End Markets**
- **Strong Capital Allocator - ↑ Cash Flows From JV (DGD)**

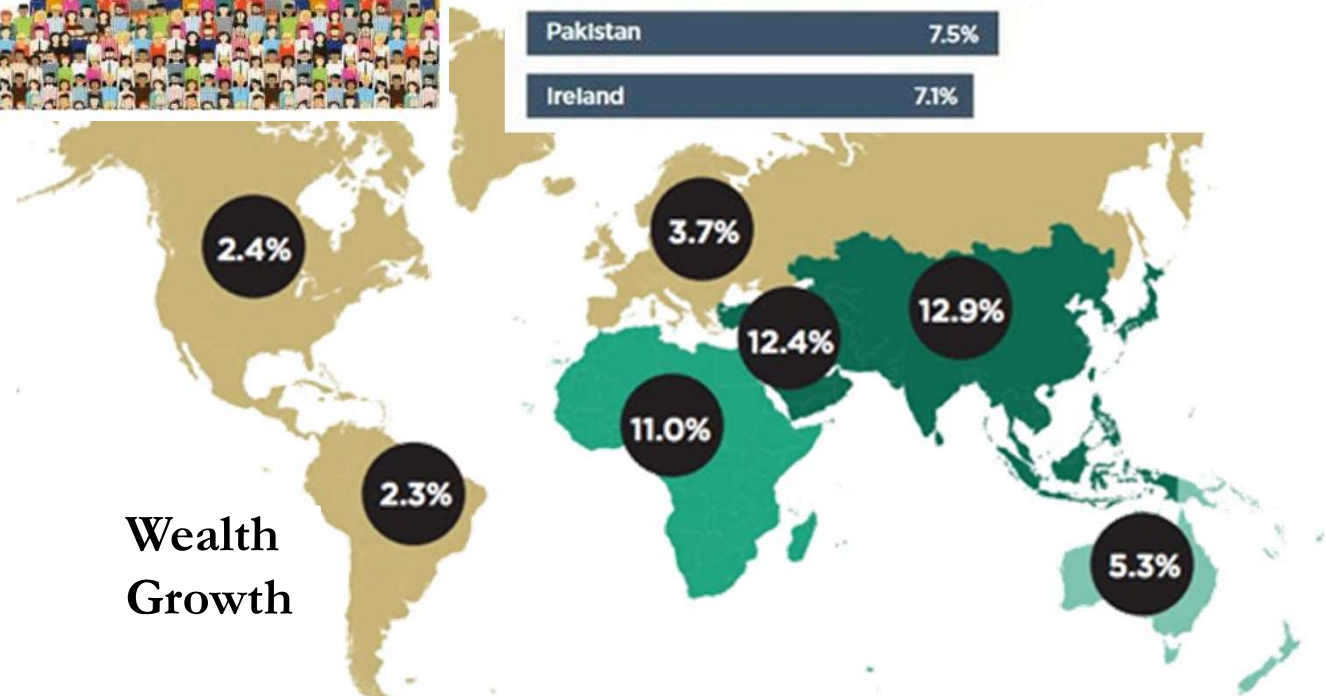
Meat Consumption



TOP 10 FASTEST GROWING WEALTH MARKETS 2010-2019

Bangladesh	14.3%
Vietnam	13.9%
China	13.5%
Kenya	13.1%
Philippines	11.9%
Thailand	10.6%
New Zealand	8.7%
United States	8.2%
Pakistan	7.5%
Ireland	7.1%

**Population +
Wealth Growth =
Protein Demand**



**Wealth
Growth**

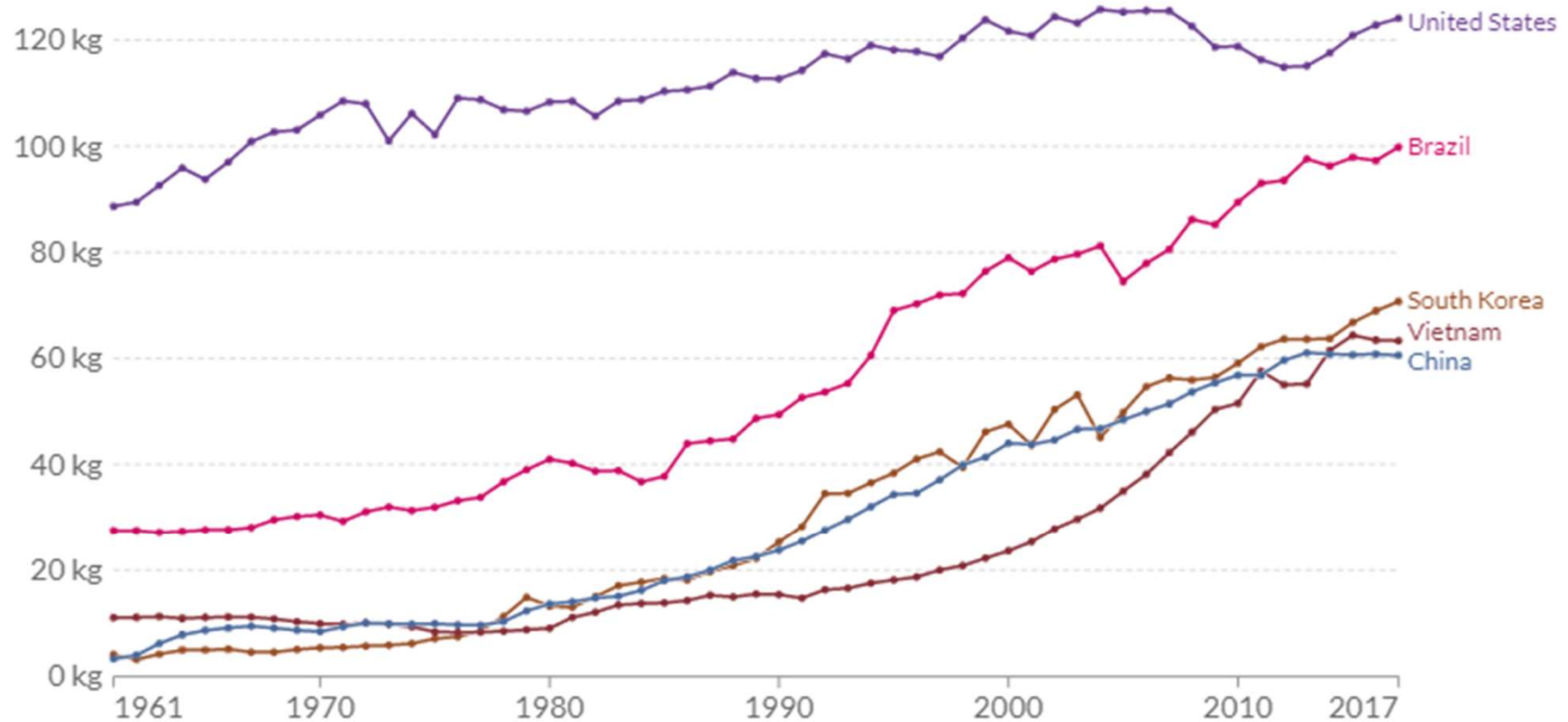
Meat Consumption Tied to GDP/Capita

Meat supply per person, 1961 to 2017

Average total meat supply per person measured in kilograms per year.

Our World
in Data

+ Add country



Source: UN Food and Agriculture Organization (FAO)

OurWorldInData.org/meat-production • CC BY

Note: Data excludes fish and other seafood sources. Figures do not correct for waste at the household/consumption level so may not directly reflect the quantity of food finally consumed by a given individual.



Operating Segments

Food

Pharma

Food



Peptan®



Natural Casings



Gelatin (Pharma)



Gelatin (Food)



Heparin



Food Grade Fats

Feed

Specialty products

General products



Pet Food



Plasma



Proteins



MucoPro®



Fats



Organic Fertilizer



Leather



Cookie Meal®



Bone China

Fuel

Fuel products

Generated thru DGD production



Renewable Diesel



Renewable Butane



Green Electricity and Gas

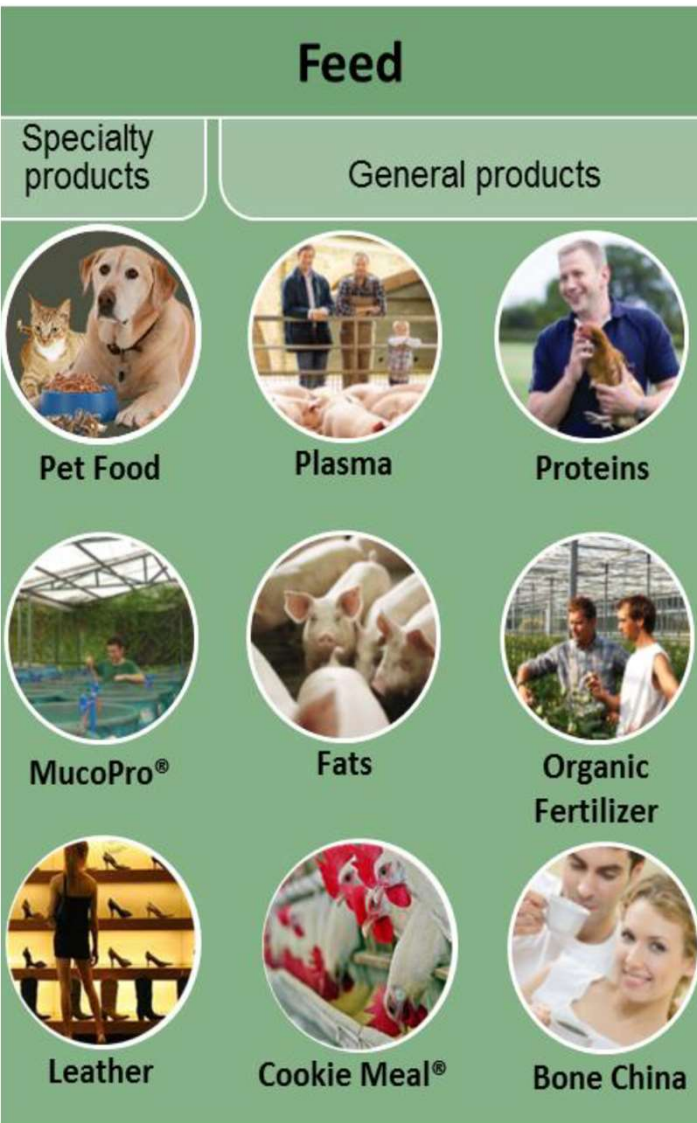


Renewable Propane



Renewable Naptha

Feed Segment



Feed (2021) ~64% of Rev










Processes	9mmts/year ⁺
Revenues	\$3bn*
GM Margin	27%*
EBITDA Contrib	51%
EBITDA Margin	20%*

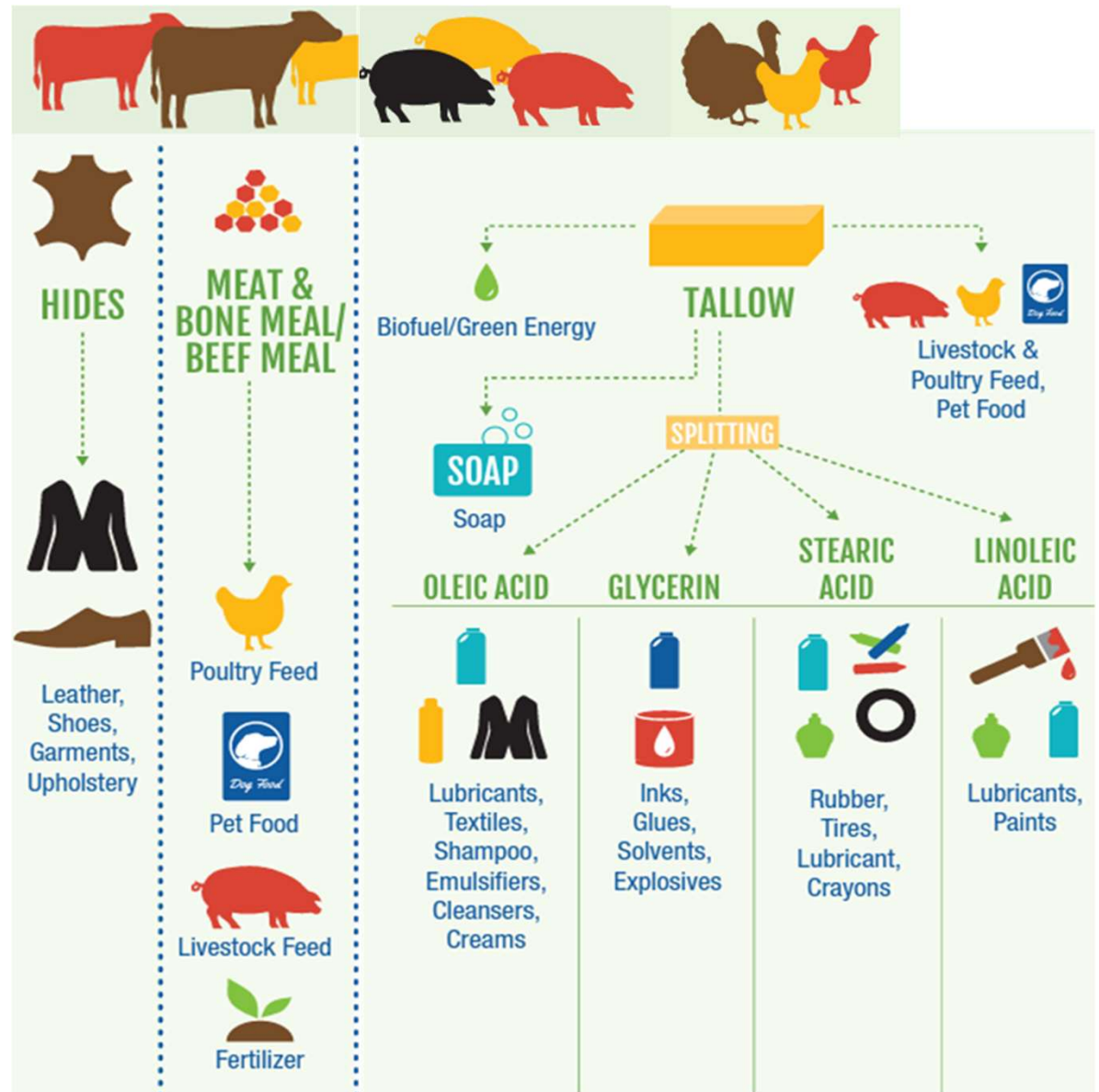
⁺ ↑ ~13mmts w/Acquisitions

*Above Median Levels – Higher Fat/Protein \$\$

Feed Segment

Feed

Specialty products	General products	
 Pet Food	 Plasma	 Proteins
 MucoPro®	 Fats	 Organic Fertilizer
 Leather	 Cookie Meal®	 Bone China



Food Segment



Food (2021) ~27% of Rev

Processes	1.1mmts/year
Revenues	\$1.3bn
GM Margin	23%*
EBITDA Contrib	16%
EBITDA Margin	15%*

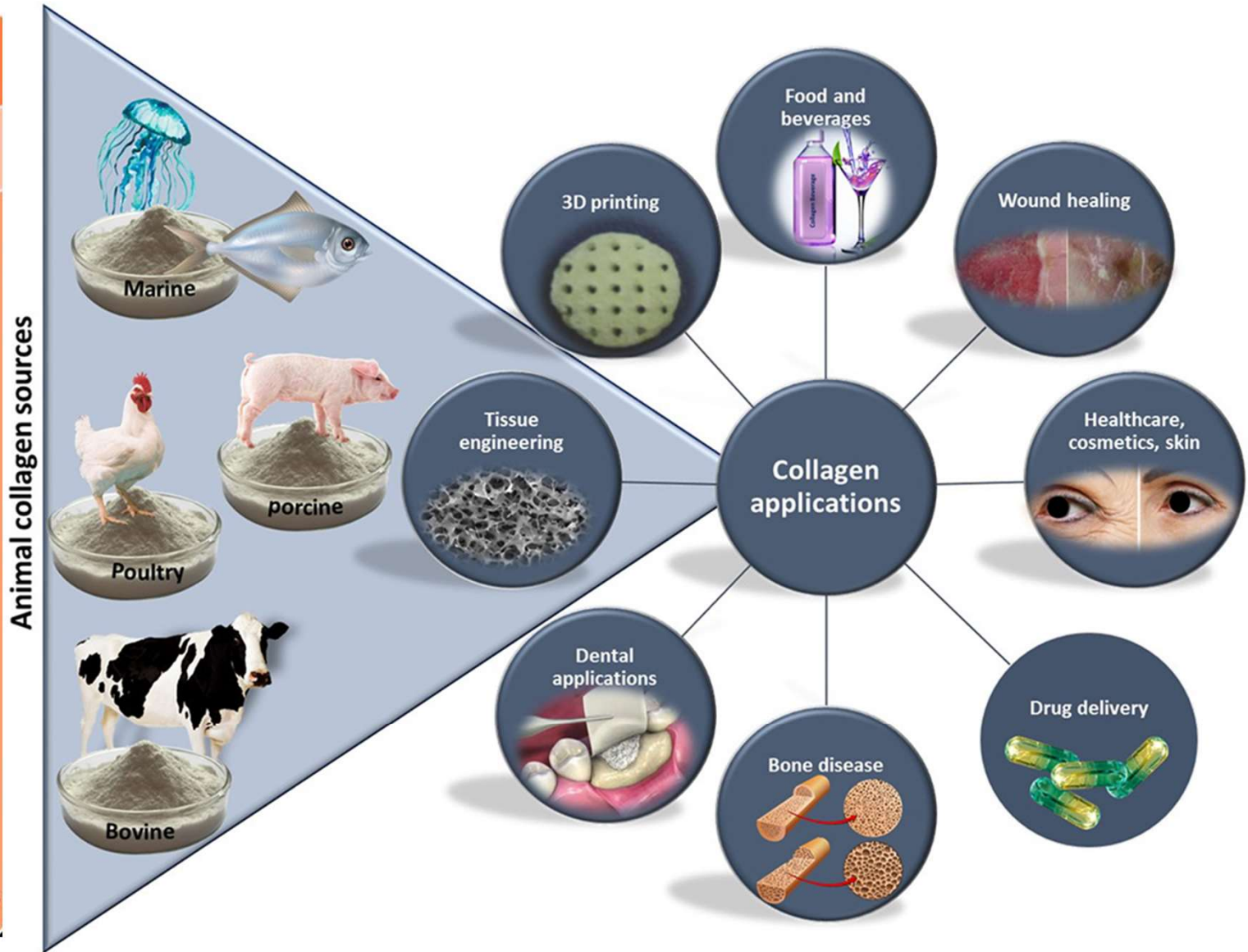
*Should be Improving

Food Segment

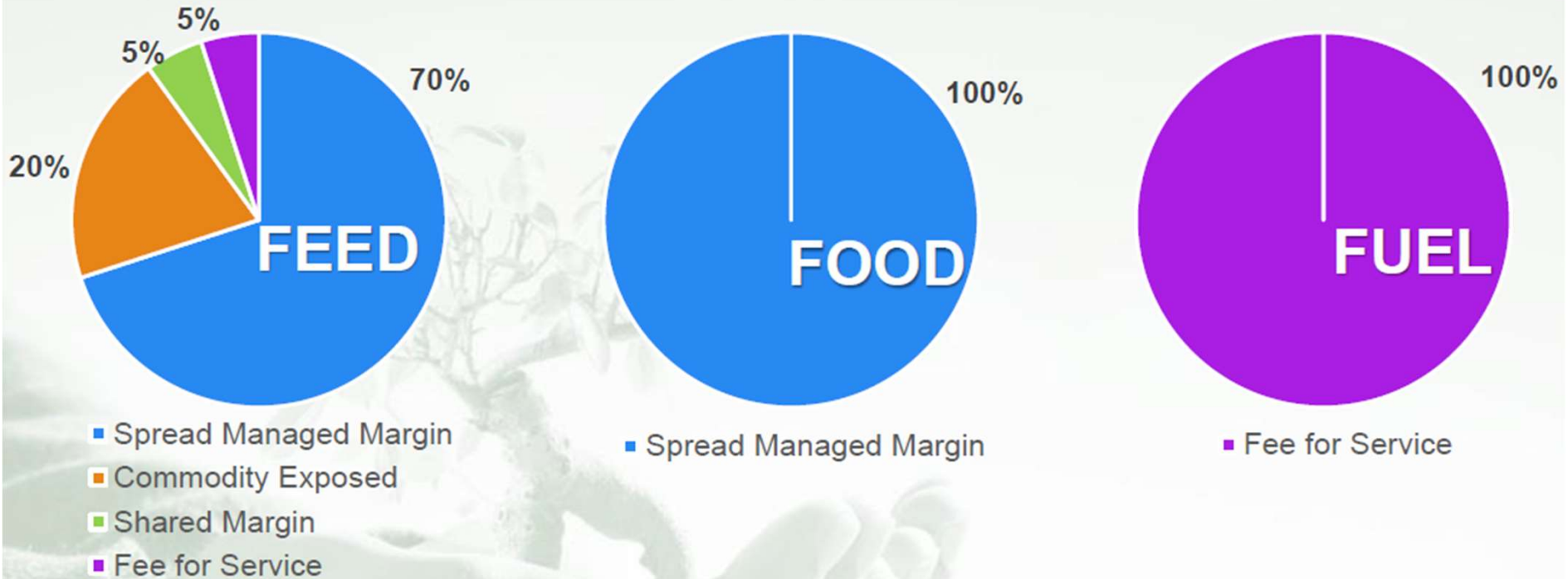
Food	
Pharma	Food
 Peptan®	 Natural Casings
 Gelatin (Pharma)	 Gelatin (Food)
 Heparin	 Food Grade Fats



Operating Segments



Feedstock Contract Pricing



BUSINESS DRIVERS

Spread Managed Margin

- Raw material availability
- Food demand
- Pharma demand

Commodity Exposed

- Fat $\uparrow\downarrow$ pricing
- Soy meal $\uparrow\downarrow$ pricing
- Corn Price

Shared Margin

- Fat price
- Poultry meal pet food spread price

Fee for Service

- Competition
- Government regulations

Fuel Segment



Fuel (2021) ~9% of Rev

Processes	1.3mmts/year
Revenues	\$430mn
GM Margin	27%
EBITDA Contrib	38%*
EBITDA Margin	23%**

* Includes DAR's DGD EBITDA

** DAR Fuel EBITDA Margin

Fuel Segment

Fuel

Fuel products



Renewable Diesel



Green Electricity and Gas

Generated thru DGD production



Renewable Butane



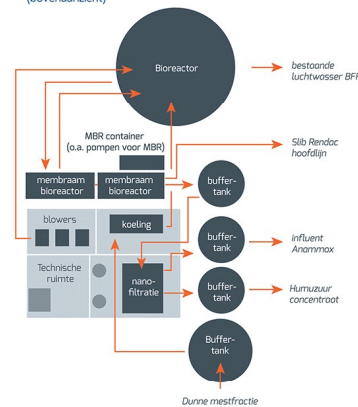
Renewable Propane



Renewable Naphtha



Schematische weergave van de Humuszuur Installatie (bovenaanzicht)



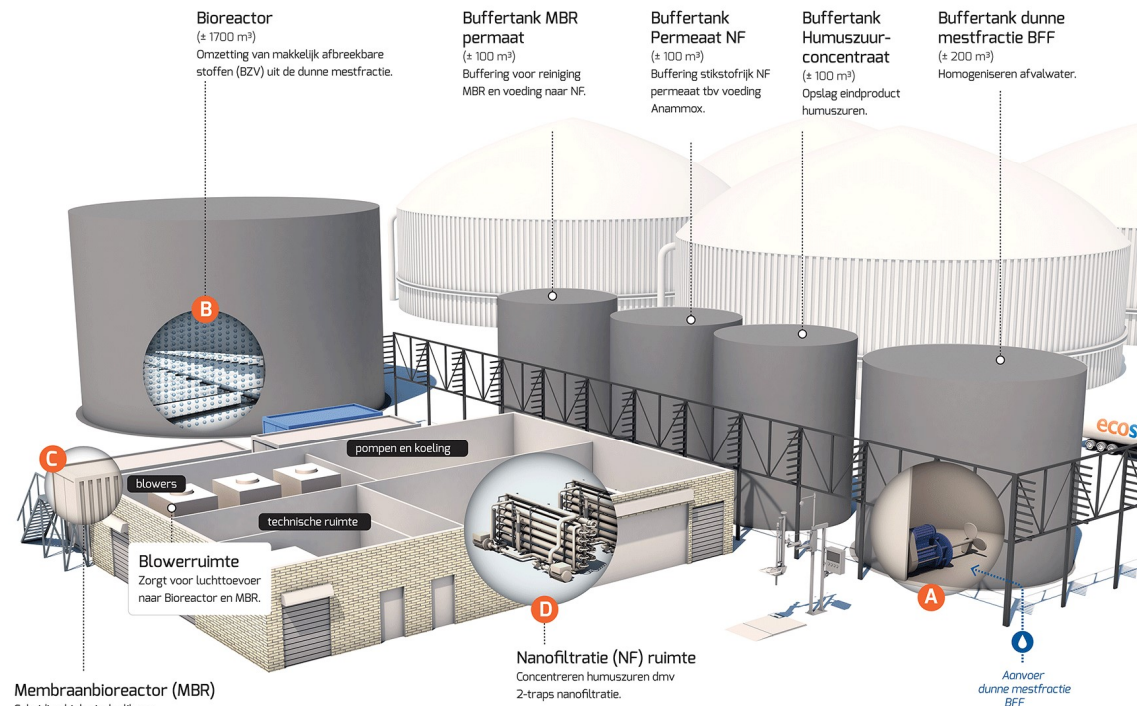
Werking Humuszuur installatie

- Buffering en homogenisatie van de dunne mestfractie van de Biofaafabriek (BFF).
- De dunne mestfractie wordt door toevoeging van lucht in de bioreactor biologisch gestabiliseerd waardoor biologisch slib en humuszuren overblijven.
- De humuszuren worden vervolgens in de membraanbioreactor van het biologische slib gescheiden. Het slib wordt teruggevoerd naar de bioreactor.
- De humuszuren worden vervolgens ingedikt in de nanofiltratie (NF) tot een geconcentreerd humuszuurproduct. Het stikstofhoudende permeaat uit de NF wordt verder behandeld in de Anammox installatie van Rendac Son.

Humuszuren

Humuszuren zijn complexe organische moleculen die in de natuur worden gevormd door biologische afbraak van organische stof. Humuszuren verbeteren de bodemstructuur en complexeren mineraalverbindingen zodat water en mineralen beter door de plant kunnen worden opgenomen wat weer leidt tot hogere gewasopbrengst.

Humuszuur Installatie (HZI)



Verschillende stappen van de gezuiverde dunne mestfractie BFF



Diamond Green Diesel



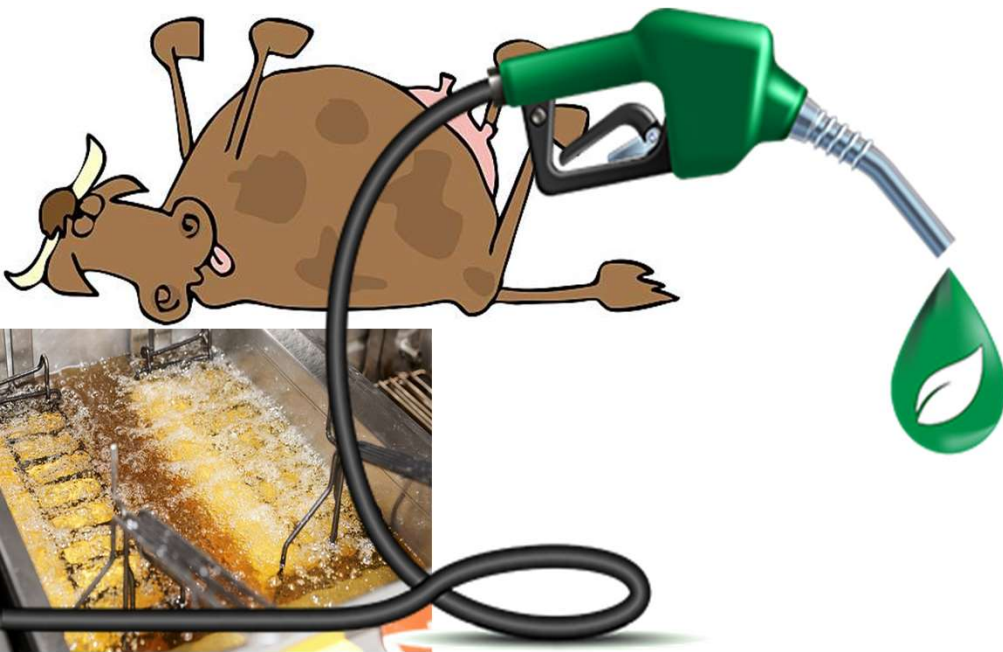
Diamond Green Diesel (DGD)

- 50/50 JV with Valero Corporation ('11)
 - Refine – Fats/UCO/DCO → **Renewable Diesel**
- **Nameplate Capacity*** – 160mmgy ('13)
 - 2018 – 290mmgy
 - 2021 – 675mmgy (DGD II) – St Charles, LA
 - 2022 – **1.15bngy** (DGD III) – Port Arthur, Tx

***Effective Capacity 15%-20% > 1.32bngy Nameplate**

Why Refine Biofuels??

Not All Biofuels the Same



Renewable Diesel



Ethanol

Why Renewable Diesel??

Three Main Benefits to Renewable Diesel



*Repurpose Low Carbon
Waste Feedstock*



↓ NO_x, CO, Sulfur → ↓ 85% GHG



*Drop in Fuel
Chemically Identical
Petroleum Diesel*

Greater Profits/Gallon

Tax Credits & Incentives

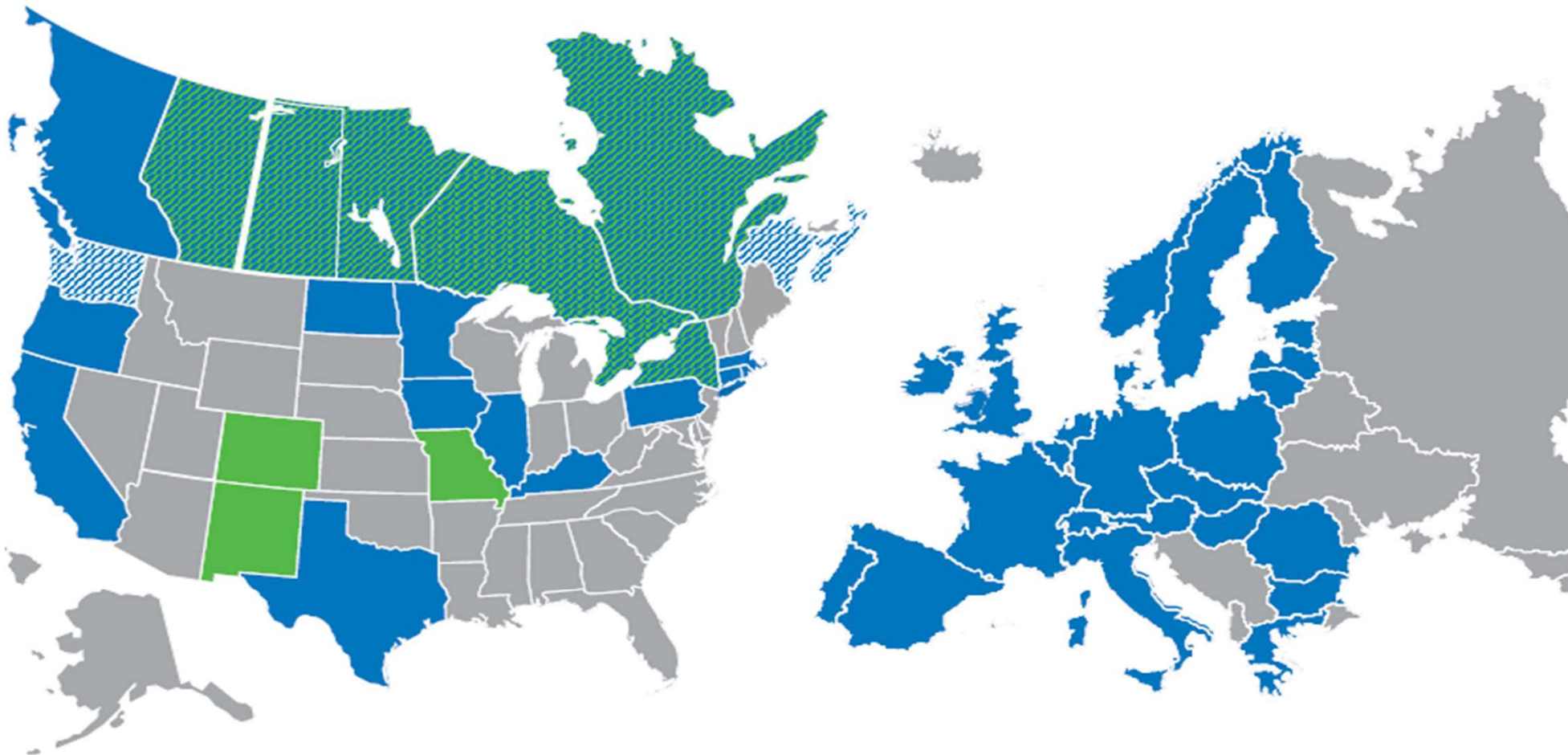
Govt Goal to Jump Start Biofuel Industry

Multiple Incentives and Value of Incentives

	Incentives	Illustrative Value of Incentives (\$/gal)	Notes
Fed Govt	BTC Biodiesel Mixture Excise Tax Credit Program	\$1.00	In effect through 2022
	RFS Renewable Fuel Standard Program	\$1.20	As of October 2020 biodiesel at 1.5 RINs and renewable diesel at 1.7 RINs
	RED II Renewable Energy Directive II	\$3.56	As of October 2020 value for waste based (double counted) biodiesel
States	LCFS Low Carbon Fuel Standard (California, Oregon, British Columbia)	\$1.76 (CA)	As of October 2020 for UCO biodiesel \$196/MT of CO ₂ reduction (California)
	Other State incentives (Illinois, Iowa, Minnesota)	\$0.98 (IL)	As of October 2020

Global Incentives

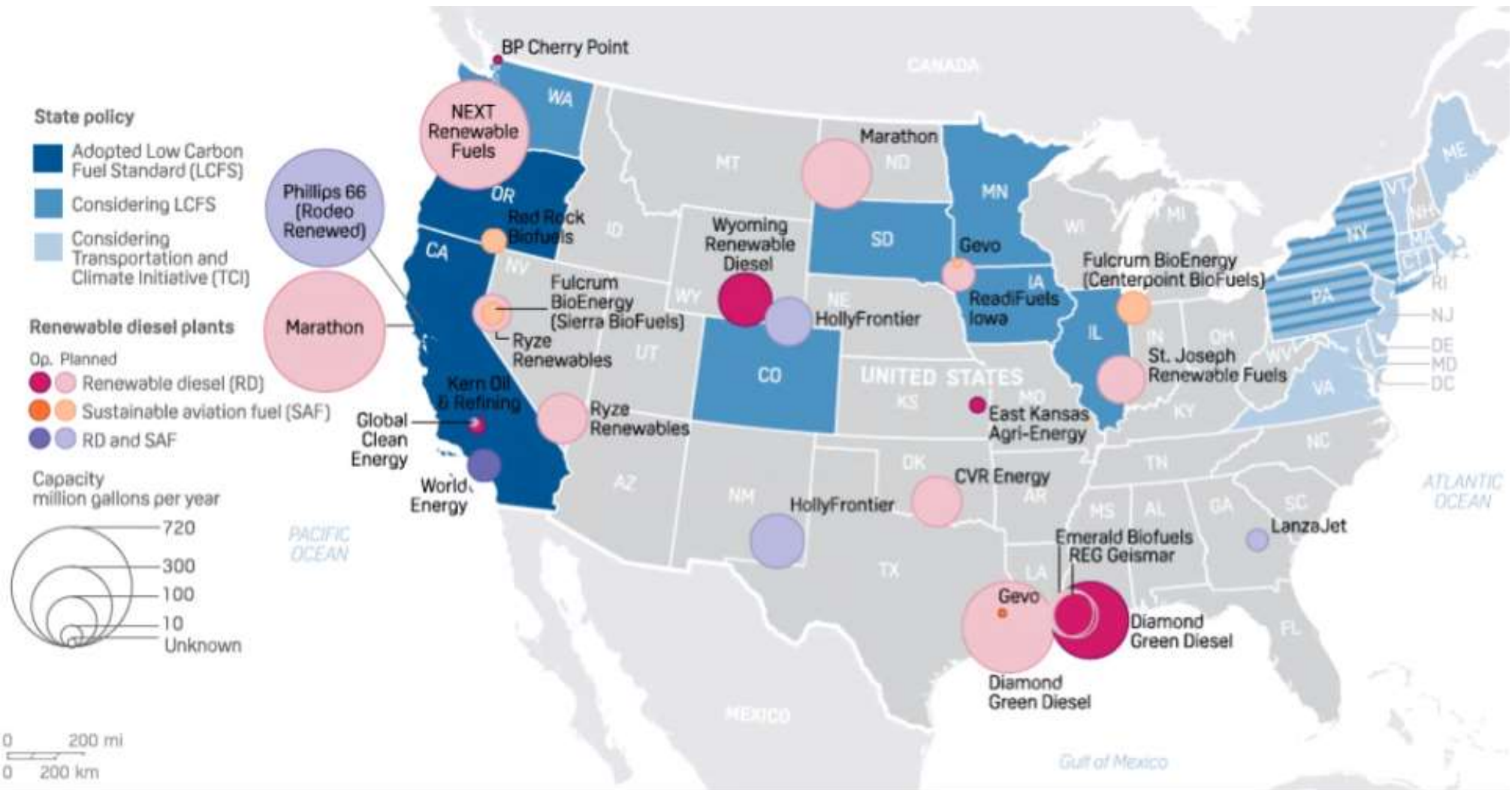
California's Not the Only State w/Incentives



■ Active ▨ In Development ■ Under Discussion ▨ Active & In Development

Renewable Diesel Expansion

Petroleum Refiners Converting Diesel Production



US Renewable Diesel Production

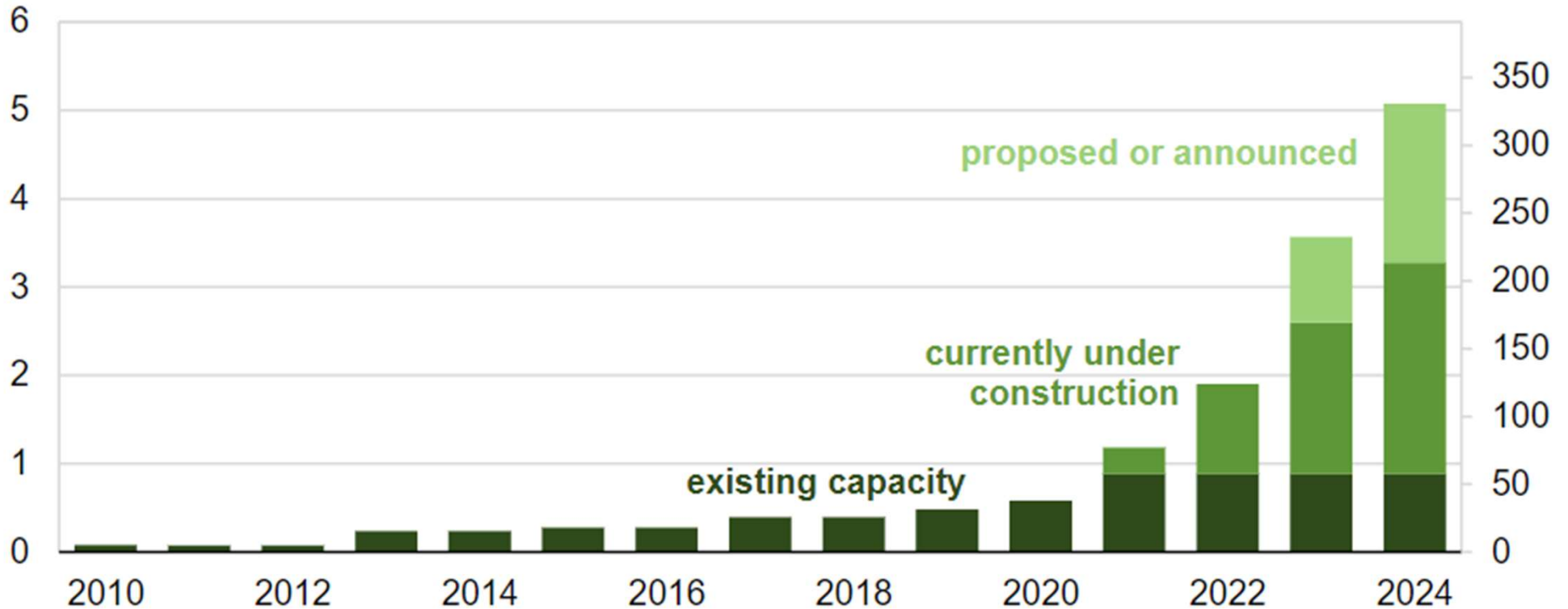
2.5-3.0bngy PD Repurposed into RD

Existing and expected U.S. renewable diesel production capacity (2010–2024)



billion gallons per year

thousand barrels per day



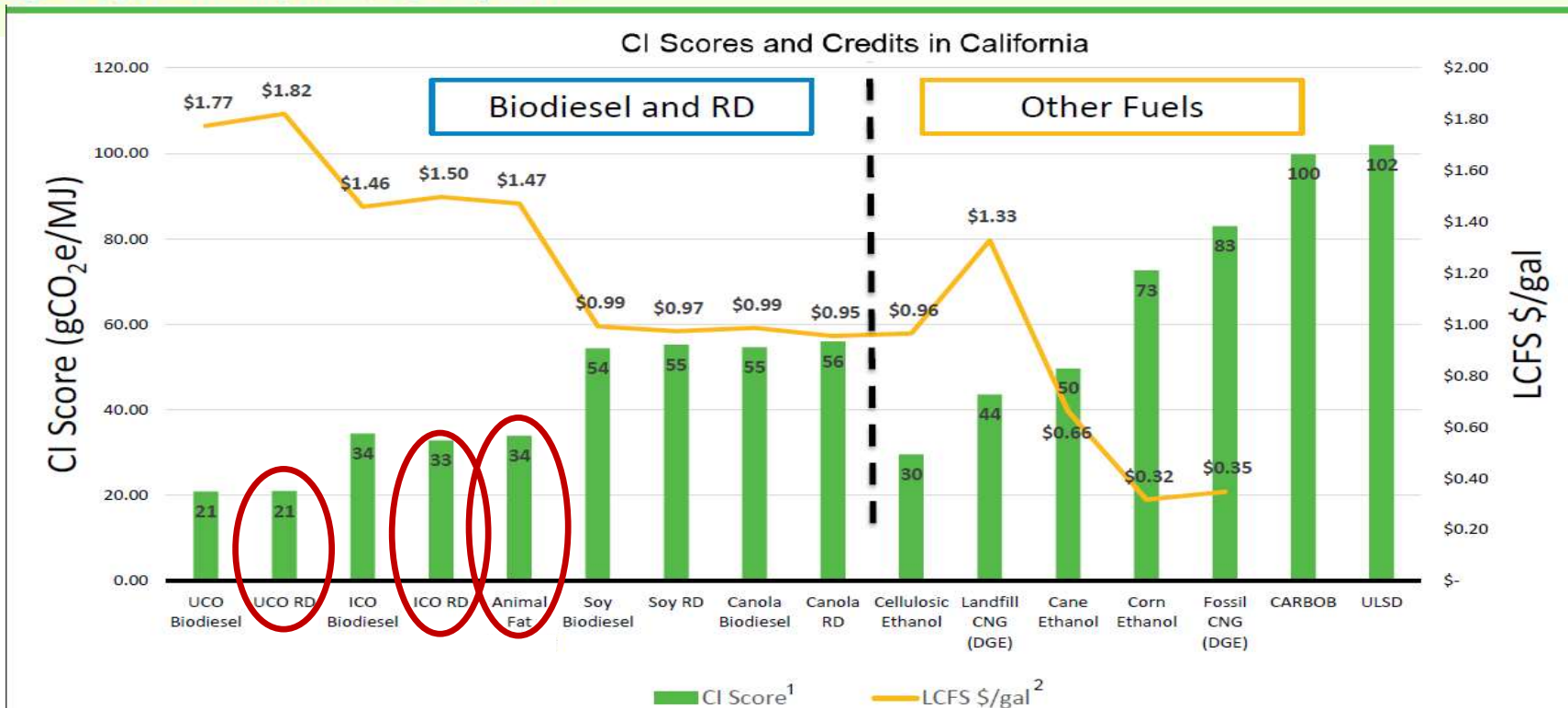
Source: Graph by the U.S. Energy Information Administration (EIA), based on data from company announcements in trade press

RD Crack Spread – Low CI Feedstocks Matter

DGD Indicator (\$ per gallon)

$$\text{NYMEX ULSD} + (1.7 * \text{Biodiesel RIN}) + (0.007 * \text{LCFS Credit}) - (8.5 * \text{CBOT Soybean Oil})$$

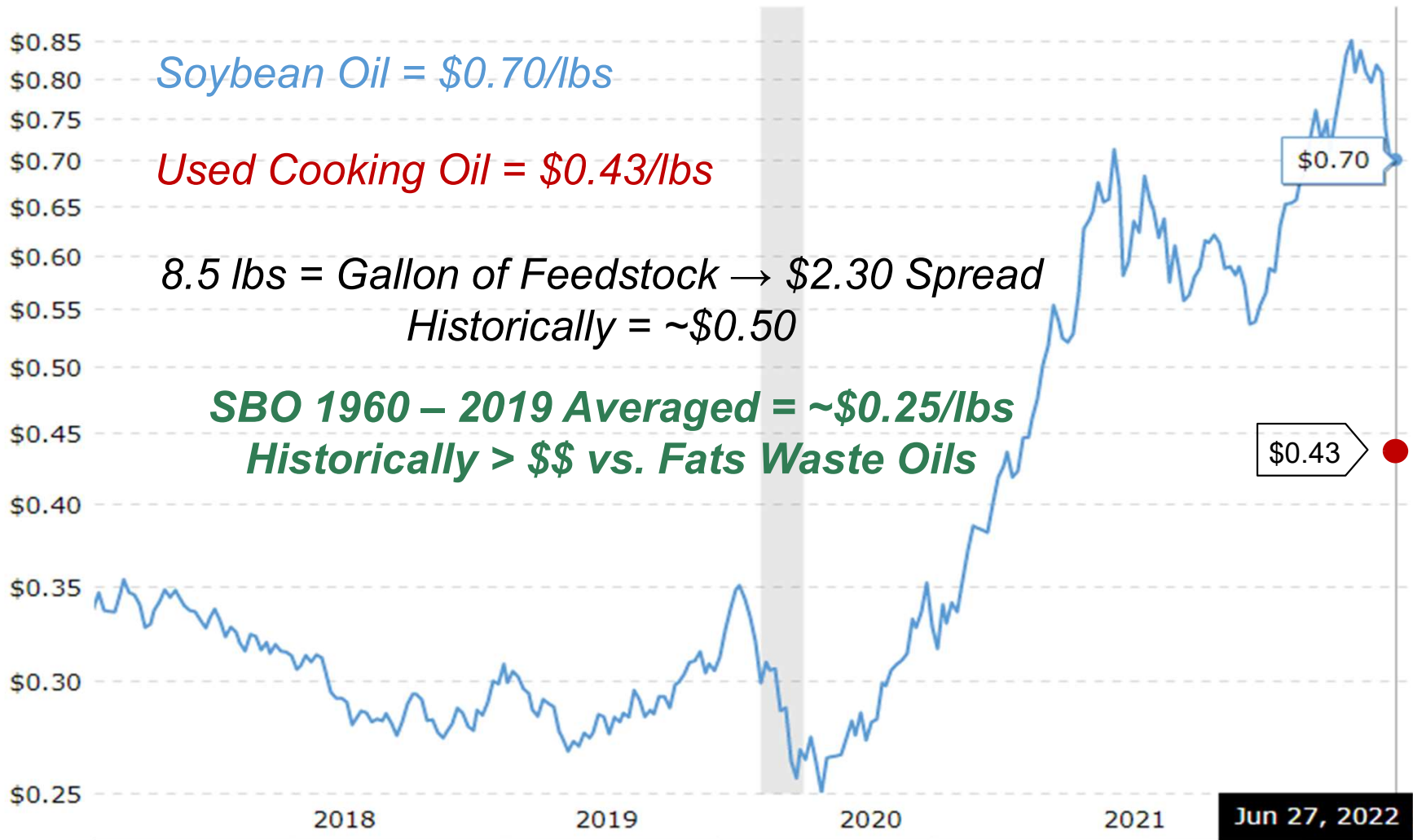
- New York Ultra Low Sulfur Diesel (ULSD) price, \$ per gallon
- Renewable Identification Number (RIN), \$ per RIN
- Low Carbon Fuel Standard (LCFS) credit, \$ per metric ton
- Chicago soybean oil price, \$ per pound



Feedstocks Matter

$$\text{NYMEX ULSD} + (1.7 * \text{Biodiesel RIN}) + (0.007 * \text{LCFS Credit}) - (8.5 * \text{CBOT Soybean Oil})$$

Cost of SBO vs. UCO



Diamond Green Diesel EBITD/Gallon

DGD Indicator (\$ per gallon)

NYMEX ULSD + (1.7 * Biodiesel RIN) + (0.007 * LCFS Credit) – (8.5 * CBOT Soybean Oil)

- New York Ultra Low Sulfur Diesel (ULSD) price, \$ per gallon
- Renewable Identification Number (RIN), \$ per RIN
- Low Carbon Fuel Standard (LCFS) credit, \$ per metric ton
- Chicago soybean oil price, \$ per pound

Diamond Green Diesel

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022 (e)	2023(e)	Median
Gal Sold	126	157	161	160	157	227	288	370	750	1322.5	
Growth		24.60%	2.55%	-0.62%	-1.88%	44.59%	26.87%	28.47%	102.70%	76.33%	
Revenue	\$487	\$475	\$527	\$634	\$678	\$1,217	\$1,267	\$2,342			
Growth		-2.46%	10.95%	20.30%	6.94%	79.50%	4.11%	84.85%			
Rev/Gallon	\$3.87	\$3.03	\$3.27	\$3.96	\$4.32	\$5.36	\$4.40	\$6.33			\$4.14
EBITDA				\$89	\$350	\$782	\$682	\$770			
BTC Adj				\$157		-\$159					
Report EBITDA	\$163	\$177	\$175	\$246	\$344	\$623	\$675	\$767	\$938	\$1,653	2014-'21
EBITDA/Gal	\$1.29	\$1.13	\$1.09	\$1.54	\$2.19	\$2.74	\$2.34	\$2.07	\$1.25	\$1.25	\$1.81
DAR Portion	\$82	\$89	\$88	\$123	\$172	\$312	\$338	\$384	\$469	\$827	

Valuation

EBITDA	2016	2017	2018	2019	2020	2021	2022(e)	2023(e)	Feed \$\$	2023(e)
Feed Ing	\$297	\$317	\$278	\$250	\$318	\$613	\$660	\$680	↓ Fats \$\$	\$350
Food Ing	\$130	\$132	\$129	\$157	\$168	\$195	\$250	\$250		\$250
Fuel Ing - Bio	\$58	\$45	\$66	\$67	\$75	\$99	\$110	\$125		\$125
Corp	(\$40)	(\$50)	(\$46)	(\$58)	(\$55)	(\$57)	(\$60)	(\$60)		(\$60)
Valley Proteins							\$60	\$150		\$150
Fasa Group							\$0	\$100		\$100
DAR EBITDA	\$445	\$444	\$427	\$416	\$506	\$850	\$1,020	\$1,245		\$915
DGD EBITDA	\$88	\$123	\$172	\$364	\$315	\$351	\$525	\$790	\$1.25 \$1.68	\$1,063
Total EBITDA	\$533	\$567	\$599	\$780	\$821	\$1,201	\$1,545	\$2,035		\$1,978

2022(e) – Fat Prices Elevated & DGD EBITDA = \$1.25/Gal (Guidance)

- DAR - $\$1,020 * 8x = \$8,160 - \$1,700$ (net debt) = $\$6,460/161$ shares = **\$40.1/share**
- DGD - $\$525 * 10x = \$5,250/161$ shares = **\$32.6/share + \$40.1/share → \$72.7/share**

2023(e) – Fat Prices Elevated & DGD EBITDA = \$1.25/Gal

- DAR - $\$1,245 * 8x = \$9,960 - \$1,700$ (net debt) = $\$8,260/161$ shares = **\$51.30/share**
- DGD - $\$790 * 10x = \$7,900/161 =$ **\$49.1/share + \$51.30 → \$100.40/share**

Valuation

EBITDA	2016	2017	2018	2019	2020	2021	2022(e)	2023(e)	Feed \$\$	2023(e)
Feed Ing	\$297	\$317	\$278	\$250	\$318	\$613	\$660	\$680	↓ Fats \$\$	\$350
Food Ing	\$130	\$132	\$129	\$157	\$168	\$195	\$250	\$250		\$250
Fuel Ing - Bio	\$58	\$45	\$66	\$67	\$75	\$99	\$110	\$125		\$125
Corp	(\$40)	(\$50)	(\$46)	(\$58)	(\$55)	(\$57)	(\$60)	(\$60)		(\$60)
Valley Proteins							\$60	\$150		\$150
Fasa Group							\$0	\$100		\$100
DAR EBITDA	\$445	\$444	\$427	\$416	\$506	\$850	\$1,020	\$1,245		\$915
DGD EBITDA	\$88	\$123	\$172	\$364	\$315	\$351	\$525	\$790	\$1.25 \$1.68	\$1,063
Total EBITDA	\$533	\$567	\$599	\$780	\$821	\$1,201	\$1,545	\$2,035		\$1,978

2022(e) – Fat Prices Elevated & DGD EBITDA = \$1.25/Gal (Guidance)

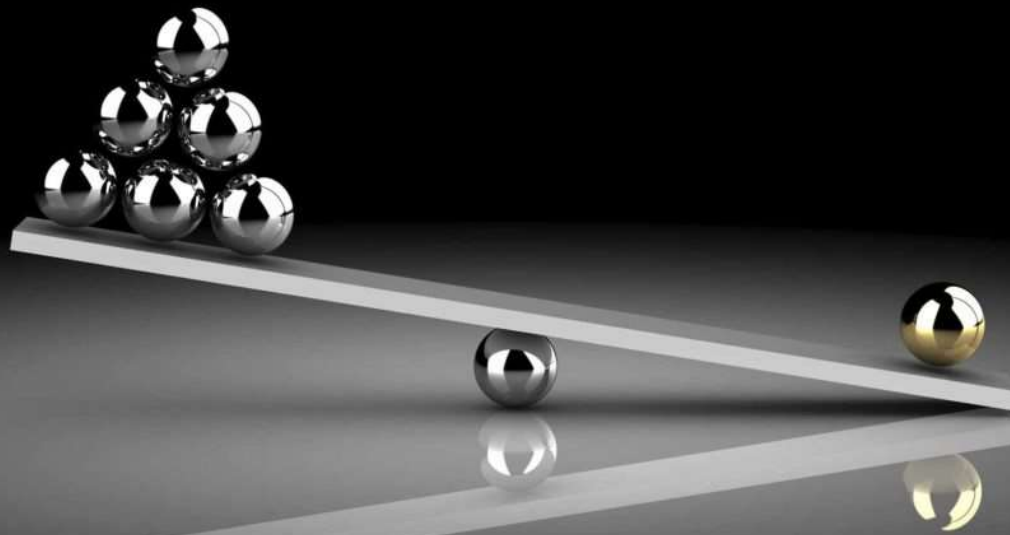
- DAR - $\$1,020 * 8x = \$8,160 - \$1,700$ (net debt) = $\$6,460/161$ shares = **\$40.1/share**
- DGD - $\$525 * 10x = \$5,250/161$ shares = **\$32.6/share + \$40.1/share → \$72.7/share**

2023(e) – Lower Fat Prices → ↑ DGD EBITDA = 1.68/Gal

- DAR – $(\$660 * 7x) + (\$375 * 8x) = \$7,620 - \$1,700 = \$5,920/161 =$ **\$36.8/share**
- DGD - $\$1,063 * 10x = \$10,630/161 =$ **\$66/share + \$36.8/share → \$102.80/share**

Competitive Advantage

What's DAR Competitive Advantage??



- **NIMBY Footprint** – *Unlikely to be Disrupted/ Replicated – Location Matters*
 - *Essential Business During Covid – DGD's infrastructure*
- **Feedstock** – *#1 Supply Low CI Waste Fats/ Oils – Not Enough US Supply 5bngy*
- **Embedded Hedges** – *Formula Pricing & DGD Feedstock*
- **Management** – *Strong Capital Allocation & Growth Acquisition/Integration*
 - *DGD \$500mn Cash Flow – 1st in 3 years*

Headwinds & Risks



- \downarrow Protein Consumption \rightarrow \downarrow Raw Material \rightarrow \uparrow Costs/Volume
- Transportation Costs \uparrow = Truck, Rail Car & Shipping Rates
- General Recession Impact on Need for Fats & Proteins
- Competition – 2.5bngy Strain Feedstocks & Pressure Margins
- Federal & State Incentive Programs Could Wane \rightarrow \downarrow LCFS
- EV & Hydrogen Trucks – Future of Trucking??



Global Used “Cow” Dealer

Question & Answers

Barry Pasikov

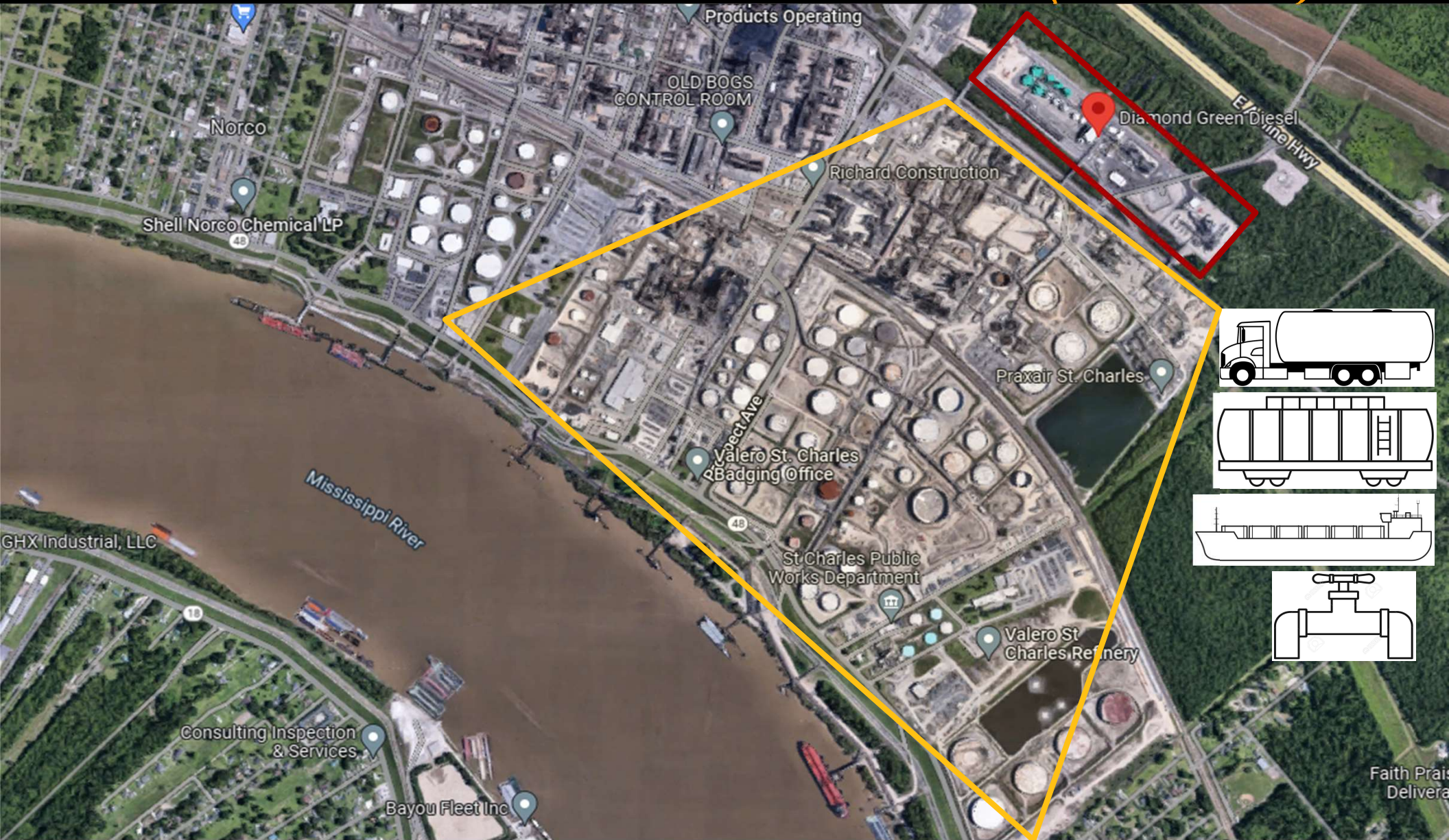
Managing Member

HAZELTON CAPITAL PARTNERS



July 13-15, 2022

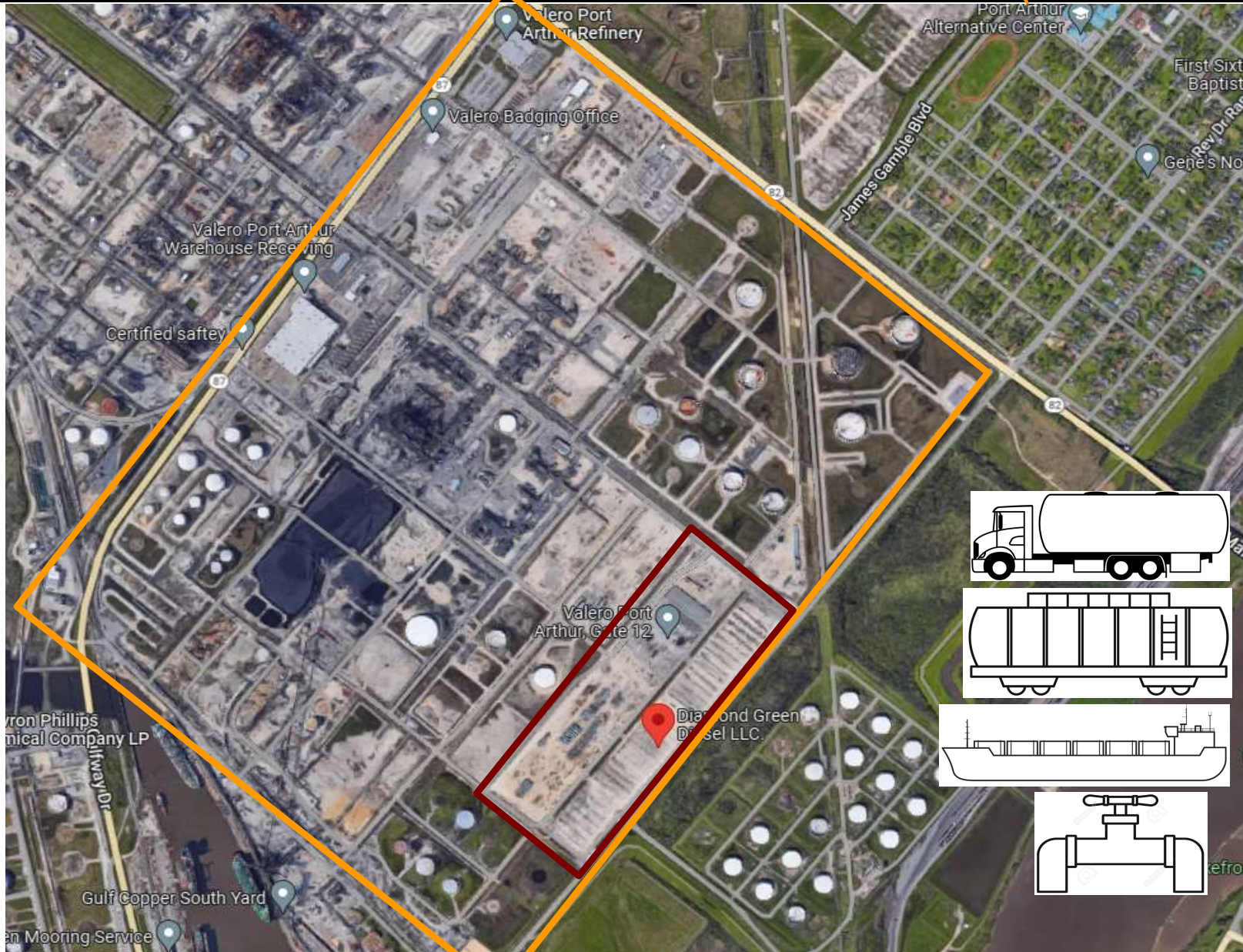
Diamond Green Diesel – St. Charles (DGD I)



Diamond Green Diesel – DGD II



Diamond Green Diesel – Port Arthur, Tx (DGD III)



Feedstocks Matter

California's Low Carbon Fuel Standards (LCFS)



Company (ID)	Facility Location	Feedstock	Fuel Type	Certified FPC	Certified CI	Certification Date	Pathway Description
Diamond Green Diesel Holdings LLC (6072)	Louisiana	Used Cooking Oil	Renewable Diesel	RND001	19.92	3/28/2022	Tier 2 Method 2B Pathway Renewable Diesel produced from Rendered Used Cooking Oil, Fuel produced in Louisiana Renewable Naphtha and LPG as coproducts (Provisional)
Diamond Green Diesel Holdings LLC (6072)	Louisiana	Used Cooking Oil	Renewable Diesel	RNT001	18.16	3/28/2022	Tier 2 Method 2B Pathway Renewable Diesel produced from Non-Rendered Used Cooking Oil, Fuel produced in Louisiana Renewable Naphtha and LPG as coproducts (Provisional)
Diamond Green Diesel Holdings LLC (6072)	Louisiana	Distillers' Corn Oil	Renewable Diesel	RNT003	27.42	3/28/2022	Tier 2 Method 2B Pathway Renewable Diesel produced from Corn Oil, Fuel produced in Louisiana Renewable Naphtha and LPG as coproducts (Provisional)
Diamond Green Diesel Holdings LLC (6072)	Louisiana	Tallow	Renewable Diesel	RND002	32.14	3/28/2022	Tier 2 Method 2B Pathway Renewable Diesel produced from Tallow, Fuel produced in Louisiana Renewable Naphtha and LPG as coproducts (Provisional)
Diamond Green Diesel Holdings LLC (6072)	Louisiana	Soybean Oil	Renewable Diesel	RNT005	60.13	3/28/2022	Tier 2 Method 2B Pathway Renewable Diesel produced from Soy Oil, Fuel produced in Louisiana Renewable Naphtha and LPG as coproducts (Provisional)

1 Gallon of RD from Ave UCO/DCO/Fat (26.25) = \$1.18/gallon LCFS Credit

LCFS Credit = Diesel CI Score (gCO₂e/MJ) – CI Feedstock Score (gCO₂e/MJ) / 1,000,000 * Credit \$ * Energy Density of RD

Feedstocks Matter

California's Low Carbon Fuel Standards (LCFS)

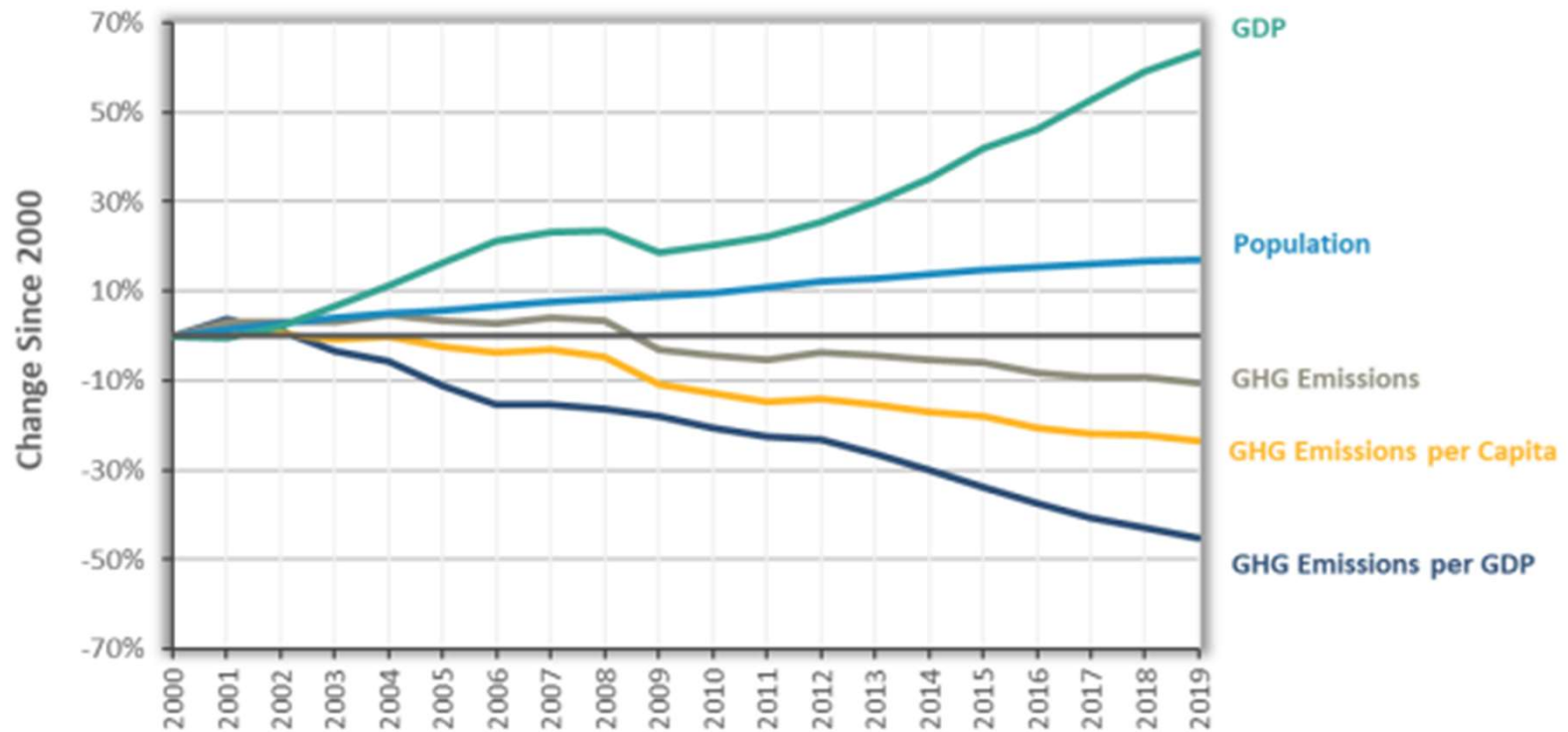
Life Cycle Stage	CO ₂ e g/MJ
Soy Oil RD	53.06
Canola Oil RD	50.75
Inedible Corn Oil RD	27.84
North America Used Cooking Oil RD	19.67
International Used Cooking Oil RD	24.99
North America Animal Fats RD	31.65
International Animal Fats RD	34.63

Life Cycle Stage*	Soy Oil	Canola Oil	Inedible Corn Oil**	North America UCO	International UCO	North America Animal Fats	International Animal Fats	Fossil Diesel ¹ (for comparison)
Feedstock Production	11.32	23.61	4.99	7.03	12.35	19.01	21.99	
Fuel Production	11.88	11.88	11.88	11.88	11.88	11.88	11.88	
Indirect Land Use, g/MJ	29.10	14.50	0.0	0.0	0.0	0.0	0.0	
Tailpipe Emissions g/MJ	0.76	0.76	0.76	0.76	0.76	0.76	0.76	
Total Well-to-Wheel CI, g/MJ	53.06	50.75	27.84	19.68	24.99	31.65	34.63	100.45

* Data is representative of operations at Green Apple Renewable Fuels, LLC
 ** Inedible Corn Oil use as debit in DGS in Corn Ethanol is 10.22 g/MJ.

California Results

LCFS Successful So Far



Metric	Associated 2019 Value
GDP	2.7 Trillion (2012 \$)
Population	39.8 Million
GHG Emissions	418.1 Million Tonnes CO ₂ e
GHG Emissions per Capita	10.5 Tonnes CO ₂ e per Capita
GHG Emissions per GDP	150 Tonnes CO ₂ e per Million \$



Explore more presentations at VALUExVail.com