

Darling Ingredients Inc. Reports First Quarter 2016 Financial Results: Strong Food Performance Drives Solid Results, Macro Environment Improving

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1st Quarter 2016 Highlights

- Net income of \$1.1 million, or \$0.01 per GAAP diluted share
- Consolidated revenue of \$779.6 million
- Gross margin of 23.2%
- Adjusted EBITDA of \$98.9 million, steady sequential EBITDA margins of 12.7%
- Food Segment contributed solid sequential earnings and EBITDA margin expansion
- Fat and protein pricing improvements at end of Q1 will show benefits in Q2

IRVING, Texas, May 12, 2016 [/PRNewswire/](#) -- Darling Ingredients Inc. (NYSE: DAR), a global leader in converting edible and inedible bio-nutrient streams into a wide range of ingredients and specialty products for customers in the pharmaceutical, food, pet food, feed, industrial, fuel, bioenergy, and fertilizer industries, today announced financial results for the first quarter ended April 2, 2016.

For the first quarter of 2016, the Company reported net sales of \$779.6 million, as compared with net sales of \$874.7 million for the first quarter of 2015. The \$95.1 million decrease in net sales is primarily attributable to weaker selling prices for fats and protein within the Feed Ingredients segment and continued FX translation impacts. Overall, global raw material volumes were stronger year over year.

Net income attributable to Darling for the three months ended April 2, 2016, was \$1.1 million, or \$0.01 per diluted share, compared to a net income of \$0.1 million, or \$0.00 per diluted share, for the three months ended April 4, 2015. Adjusted EBITDA for Darling for the three months ended April 2, 2016 was \$98.9 million compared to Adjusted EBITDA of \$98.2 million for the three months ended April 4, 2015. The \$0.7 million increase in Adjusted EBITDA is primarily attributable to increased earnings in the Food and Fuel Ingredients segments and higher raw material volumes in the Feed Ingredients segment that more than offset lower finished product prices and the impact of foreign exchange.

Randall C. Stuewe, Darlings Ingredients Inc. Chairman and Chief Executive Officer, said of the Company's quarterly performance, "Sequentially, our segments showed nice consistency in light of very volatile markets around the globe. Most notably, our Food segment delivered solidly with Rousselot and Sonac delivering consistent earnings. In the Feed segment, we saw our global rendering businesses once again adjust to falling protein prices during the quarter but volume increases and strengthening fat prices partially offset the headwinds. Our Fuel segment, when normalized for the blender's tax credit, showed a very consistent performance. Looking forward, we have seen both protein and fat prices significantly strengthen late in the quarter and we should see our Feed segment realize the benefit in the second quarter. Our model is clearly working and we are picking up momentum once again," concluded Mr. Stuewe.

- **Feed Ingredients** – EBITDA \$58.3 million (up 7.2% sequentially); Revenue \$476.2 million (up 0.8% sequentially); Gross margin \$103.5 million (up 7.0% sequentially); Raw material processed up 4.2% sequentially
- **Food Ingredients** – EBITDA \$38.6 million (down 1.3% sequentially); Revenue \$247.9 million (down 8.9% sequentially); Gross margin \$62.3 million (down 1.0% sequentially); Raw material processed up 3.1% sequentially
- **Fuel Ingredients** – Pro Forma EBITDA \$13.0 million (down 7.1% sequentially); EBITDA 13.0 million (down 32.3% sequentially); Revenue \$55.6 million (down 15.0% sequentially); Gross margin \$14.9 million (down 26.0% sequentially); Raw material processed down 10.1% sequentially
- **Diamond Green Diesel Joint Venture** – EBITDA \$19.3 million at entity level, \$9.6 million Darling's share; DGD received \$156 million tax credit, each partner received dividend of \$25 million in April 2016; Major expansion announced to be completed in fourth quarter 2017, increasing output from 160 million gallons annually to 275 million gallons

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