

To Our Shareholders

We ended 2019 on a positive note. Our 50/50 joint venture, Diamond Green Diesel (“DGD”), with Valero Energy Corporation produced \$312 million of EBITDA (Darling’s share) for 2019 and ran at full capacity producing 275 million gallons of renewable diesel, while earning \$2.25 per gallon sold. This performance enabled DGD to issue \$67 million in cash distributions to Darling last year. The results for DGD include the blender’s tax credit for the years of 2018 and 2019, which in December 2019 was reinstated for 2018 and 2019 and extended through the end of 2022. We anticipate that DGD will continue to produce significant results as we move forward in the coming years.

Overall for 2019, global raw material volumes in our base business increased 1.7 percent year-over-year and delivered annual adjusted EBITDA of \$437 million as we completed facility projects in Los Angeles, California and Wahoo, Nebraska. We also brought online two Peptan facilities in Amparo, Brazil and Angouleme, France which expanded our capabilities in our food segment globally.

Some additional key financial highlights in 2019 include:

- Record 2019 proforma operating income of \$389.2 million, up approximately 56% over 2018 after adjusting for 2018 and 2017 retroactive blender’s tax credit into the period earned
- Returned \$19.2 million of capital to shareholders, buying back approximately 1 million shares of Darling common stock
- Refinanced US Bond in Q2 2019, lowering borrowing costs by 12.5 bps and extending maturity to 2027

Disciplined Growth Capital

We anticipate investing approximately \$300 million during fiscal 2020 in maintenance and growth capital to complete several Peptan expansions in Europe and Brazil. We also sold a dormant Rousselot property in China realizing a \$13 million gain on the sale last year.

The expansion of DGD’s Norco, LA facility remains on schedule to be completed in the fourth quarter of 2021. When this expansion is completed, DGD will have the capacity to produce 675 million gallons of renewable diesel plus 60 million gallons of renewable naphtha. We anticipate this expansion to be funded from the operating cashflow generated at DGD.

Darling and Valero are equal partners in the DGD joint venture. We work together on everything that touches this renewable diesel business, and we both continue to actively discuss the potential DGD III expansion to be co-located with Valero’s refinery terminal in Port Arthur, Texas. This project would increase DGD’s production capacity to more than 1.1 billion gallons of renewable diesel annually and give us nearly 100 million gallons of renewable naphtha. We are currently underway in Phase 2 engineering and are still targeting a final decision on this investment in Q1 2021 with commissioning to take place in 2024.

Launching into ESG (environmental, social and governance)

We published our ESG fact sheet in the fall of 2019. At Darling, we believe economic and ecological sustainability should function together to achieve the greatest benefits. The foundations we laid as far back as 1882 have become today’s driver for developing innovative solutions for a more sustainable environment, society and future, while providing unique benefits for our customers and solid opportunities for our workforce and key stakeholders.

Circular by nature, we serve the agri-food industry by collecting its animal-based co-products and other natural materials that would otherwise be discarded and transforming them into valuable bio-nutrients that contribute to the economy. Our lipids, proteins, gelatins and collagens close the loop in the food chain by safely providing unique nutritional, techno- and bio-functional ingredients for many applications.

Through our company’s innovative spirit and by working closely with our global customer base, we have not only developed vital applications for human and animal health & nutrition, but also for various technical applications used by the fertilizer, biofuel, pharmaceutical and oleochemical industries.

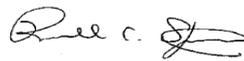
Our purpose is to repurpose

Darling Ingredients possesses the financial strength to execute our business plan and our employees around the world continue to meet the rising needs of a global company. We are focused on our near-term and long-term growth opportunities, which we believe will grow long-term shareholder value in the future.

Challenging times in the near term

As I write this letter to you, the world has entered unprecedented times with the impact of the global pandemic, COVID-19. As world leaders act to best battle the spread of this virus, Darling continues to operate in a safe and efficient manner. Our operations have been and remain an essential and critical business supporting the food processing systems across the globe. While uncertainty grips us all, our dedicated and professional team are doing their part to make sure there is food available to feed the world through processing the waste streams and producing proteins and fats that are vital to feed and fuel our world. Our board of directors and the management team are working closely together to navigate the current volatility surrounding our economic and social way of life and to keep our operations running with as little disruption as possible during this crisis. We certainly appreciate the support of our shareholders, employees, business associates, suppliers and customers during these trying times and look forward to better days when COVID-19 has been conquered.

Randall C. Stuewe



Chairman and Chief Executive Officer