To Our Shareholders

For fiscal 2016, Darling Ingredients delivered on its strategy to **de-lever and grow**, further strengthening and positioning the company to grow in the future. During the year, we refined our model, expanded our operating platform and significantly reduced long-term debt. Our operating environment continued to experience volatility and our model successfully navigated choppy waters around the globe by managing risk to deliver consistent and improving earnings across all segments.

We achieved a number of impressive and fundamentally important milestones that reflect positive operational and financial momentum for the coming years.

- We grew our raw material tonnage in our Feed segment by 7 percent year-over-year to an all-time high.
- We commissioned four new factories and expanded five others.
- Our balance sheet improved, and we reduced debt by $169.7 million, lowering our total debt ratio from 4.32 to 3.69.
- We further reduced SG&A by $8.6 million and improved working capital by $31.8 million.
- In April, we entered into a new joint venture with Intrexon, and through its acquisition of EnviroFlight LLC, we will develop a sustainable, cost-effective and complete aquaculture feed source.
- We amended and extended our credit agreement, giving us the flexibility to seize strategic opportunities when they arise.
- And, we deployed $243.5 million in capital, funding an additional four projects late in the year. Plant expansions are underway in both Los Angeles and San Francisco, California, as well as in Dublin, Georgia and Wahoo, Nebraska, along with greenfield construction in Mering, Germany and Denderleeuw, Belgium.

Diversified by Design

As we view the world with a long-term horizon, we are strategically diversified by design managing our global growth platform with innovation to create more predictability, more optionality and less volatility in our earnings power. Our Food, Feed and Fuel segments offer a balanced and expanding portfolio of strong global brands that delivered net income of $102.3 million, or $0.62 per diluted share for fiscal 2016.

Diamond Green Diesel – A Gem of an Ingredient

While not part of our Fuel segment, but integral to our fuel strategy, **Diamond Green Diesel (“DGD”)**, our 50/50 joint venture with Valero Energy Corporation, delivered very solid results producing 158.1 million gallons of renewable diesel, $50.0 million of dividends to the partners and $139.8 million of income in 2016. DGD is the lowest-cost producer of renewable diesel in North America. Additionally, the DGD facility expansion, which at full capacity will increase annual production from 160 million gallons to 275 million gallons, is well underway. Construction is scheduled for completion in late second quarter 2018.

CFO Succession

Early January we welcomed our new CFO, Patrick Lynch, a seasoned and successful public company CFO for nearly 15 years. Patrick joins us with a robust set of skills and is well equipped with global experience and astute exposure to commodity ingredients and inputs. We welcome Patrick to the Darling family. We also bid farewell to John Muse, who I’ve had the privilege to work with for the last 14 years. We are extremely indebted to John for his 20 years of dedicated service and his instrumental role in building, rebranding, and making Darling the global powerhouse in natural and sustainable ingredients. He has been a friend, a mentor, and a dynamic business leader. On behalf of our employees and our directors, we wish John the best in his retirement.

2017 and Forward Vision

Our model is proven and effective, and will continue to ignite our strategy to be THE recognized global leader in the production, development and marketing of sustainable protein and nutrient-derived food, feed and fuel ingredients for a growing population. Our balance sheet remains strong, and the February 2017 dividend payout of $25 million from DGD will assist in further de-levering. We will focus on running our core business, constructing several new factories, managing our margins and costs as well as preparing for the new cash generation from DGD in 2018 and the growth potential this will fuel.

As always, we extend our deepest appreciation for the continued support and contributions of our shareholders, business associates, suppliers and customers.

Sincerely,

Randall C. Stuewe
Chairman and Chief Executive Officer