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Company: **Darling Ingredients, Inc.**

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COMPANY PARTICIPANTS

Randall C. Stuewe - Darling Ingredients, Inc., Chairman & Chief Executive Officer

OTHER PARTICIPANTS

Adam Samuelson - Analyst

MANAGEMENT DISCUSSION SECTION

Adam Samuelson

All right. I think we're going to get started with our next session today. My name is Adam Samuelson. I'm the agri business analyst here at Goldman Sachs. Usually not presenting at the Global Energy Conference, but we're very happy today to have Darling Ingredients who does a fair amount of energy-related biofuels work. And so I think this is a very natural audience for it. We have Randy Stuewe, their Chairman and CEO, here with us. It's going to be fireside chat, but there's – our microphone is in the room. So as we get later on, I'm happy to take questions from the audience as we get going.

But maybe first, Randy, thank you for being here.

QUESTION AND ANSWER SECTION

Analyst: Adam Samuelson

Question – Adam Samuelson: So maybe to start, let's just level set, just talk about the business. And you've just finished calendar 2022. Maybe just provide just general business update on both the Diamond Green Diesel business where you've been kind of ramping up an expansion, as well as the parent-based business. And you can use that as a jumping off point for discussion.

Answer – Randall C. Stuewe: All right. Always, Adam, thank you for having us and always great chance to tell the Darling story. We're 140 years old and we're a growth company. I don't think anybody else can say that today. Today, for those – I see some friends and investors and shareholders and stakeholders in the room, and others are new. And for those who don't know the Darling story, it dates back to 1882. We were the original byproducts processing unit of the Swift meatpacking family based out of Chicago. And over the years, the business grew.

Today, Darling is the largest slaughtered animal byproducts processor in the world. And you're saying what does that have to do with energy? And it's a fascinating piece of how we kind of intertwine into the decarbonization story. So if you think about it, one out of every 6.5 animals in the world passes through one of our 270 factories and 22 countries and 16,000 employees, and I don't know what top 20 or 30 trucking fleet in the world today for the -- to support the business.

And really, at the end of the day, the company produces two products, fats and proteins. Proteins, you would know for any of those that had a little too much to drink last night, you'd know as a gel cap, that's collagen. For those that have joint issues and skin and beauty and health, you know that has collagen peptides predominantly under the leading brand, Vital Proteins. And then we produce feed ingredients and fuel ingredients. And so animal fats, historically, out to 1989, the largest consumer of animal fats in the world was McDonald's. And I don't remember, it's Formula 40 (03:01) something to fry French fries and then you convinced them that frying in hydrogenated soybean oil was a better idea and animal fats fell out of favor.

And so as the world evolved at -- I mean in the sense of seeking a decarbonization solution, we figured out how to basically make a hydrocarbon out of animal fats. And so we've now entered the – we are 10 years old this year in the hydrocarbon business. We're the ones, if not, the one or two largest producer of animal fat-based hydrocarbons in the world with our partner, Valero. We seeked out Valero 10 years ago to bring an expertise in the engineering and optimization and processing side where we brought the supply chain. And so we built this incredible business now that people should take note of. We're also in the – we're, I think the top three largest green energy producer in Europe today in the biodigesting, biomethane business. And then we're also the largest processor of green energy from the rendering disposal business in Europe today.

So the business, back to your question now, we've educated everybody and they're all experts. The business has continued to evolve. Last year, we would say, is a transformative year. Everybody gets nervous when you say that. But at the end of the day, we have now balanced the world with our green energy business of Diamond Green Diesel 1, 2, and 3. We now process or have the capability of processing 65% of North America's waste fats and greases into the probably the lowest CI, carbon intensity scoring, tailpipe emission reducing hydrocarbon in the world.

We just finished up the year. It's a record year. We're maintaining guidance that we've given at 1550 (04:59) the year. Even though I have not seen December yet, I'm hoping I'm right there and we're going to step out today and give a guidance of another 20% growth next year. And that's just on bringing up Diamond Green Diesel 3 now in the Port Arthur.

Question – Adam Samuelson: Okay. So maybe let's unpack that near-term environment between Diamond Green Diesel and the parent business. So maybe at Diamond Green Diesel, just talk about the startup of DGD3 in Port Arthur, kind of where we are in terms of that getting to full rate, where that product is going. As you think about having -- not having a pathway into California at the outset and the feeds, what that's done to the feedstock markets as it's ramped up and significantly increase the feedstock line.

Answer – Randall C. Stuewe: Yeah. It's been a kind of an incredible journey. The engineering and construction group actually brought this facility online six, eight months earlier than we'd anticipated. We got ahead of the cost curve of any inflation. We're ready to come online here in about mid-November and we've been really debottlenecking some of the issues that happen when you start up a facility. This is the largest facility of its kind in North America today.

As people start to try to run the math and while we call the boilerplate 470 million gallons, it's north of that. And it takes, I don't know, 4.5 billion pounds of fat to run it. And if you take a 200,000 pound railcar, you can start to do the math that the logistics to support one of these facilities is rather incredible. And so we've been online now, we've been operational for 30-something days. Obviously, the cold weather that the arctic blast that flew through Texas didn't make a start-up in December and (07:10) very easy. But it looks like the team is ready to, if you will, push the pedal to the metal and take it on up to full rate.

We've got a sales ledger around the world that is very meaningful and, if you will, committed. The opportunity that kind of makes us different than others is because we have boilerplate, I don't know, 670 million gallons over in St. Charles or Norco, Louisiana, 700 million gallons. We can arbitrage those sales. So even though we don't have a pathway at number three today because of California, we can apply number three sales to number one and two and put number one and two into the California market without any margin disruption. So things are going good. It's always the team as a learning curve that amazes me. The vessel sizes are bigger than number two here, pretty much similar technology. But it is rocking and rolling. I think it's pretty safe to say that will step out. We'll make 1.2 gallons this year. And margin structure remains very robust.

Question – Adam Samuelson: And as you think about – I think, previously, you talked about $1.10 a gallon as the kind of framing margin, that really do not assume getting any sales to California or getting -- having that DGD 3 pathway. So if you're actually able to export out of Texas, that could be additive to that framework is that – if you actually are able to act to realize that. Is that correct?

Answer – Randall C. Stuewe: Yeah. It's been – it's fascinating to watch the understanding and learning and participating in the carbon markets around the world. They're evolving. And if I said to you we were shipping product to Texas today, would you believe that? It's been blended. Would – if you – if I said we're shipping products to the East Coast today to be blended without mandates, it's happening. So decarbonization is happening all over the country. It's growing rapidly here, Canada, Europe.

When we take the dartboard and throw a margin guess for the year, it is a guess. And so what we try to rely on is we say, okay, what is our competitive advantage on labor, yield, location, feedstock and customer shipments and add it up and then everybody goes, okay, let's pick $1.10, (09:48) north of that. Even after what – as we've met with, I don't know, 50 investors today and they called the renewable (09:58) a disappointment. I'm going, well, it really hasn't hit margins much. So, life's pretty good.

Question – Adam Samuelson: Okay. Well, you just brought – that was on my question list, so you just (10:08) market had a pretty (10:13) to the RVO that was issued at the beginning of December. I mean, how does that change your view of the domestic market for renewable diesel, biodiesel, renewable fuels?

Answer – Randall C. Stuewe: I think we – as I tell people, for 20 years, I woke up in the chair of optimism and feel pretty good about things and I still feel good about them. And at the end of the day, I think the farm community and the different alliances that are out there were optimistic that – and maybe overly optimistic that they had made their case to the EPA through their trade associations, lobbyists, and they were expecting a bigger number.

So, the disappointment was that it wasn't as big as they had hoped. It was larger. That's one thing. But I think as I – you'll never know the internal workings of the sausage grinder at the EPA. But at the end of the day, clearly, they were weighing the view. They had the Biden administration clearly believes electrifying everything is the solution. So, they weighed to that. You've got the weighting to food versus fuel. So, they were hearing that if we grow the RVO, it's going to use food oils and consumer prices for – ranch dressing was going to go up. And then the farm community, we got$13, $14 soybeans; $5.56 corn. They're in good shape.

And so the easy button was the one they pushed. And so at the end of the day, I think we're out for public comment now. I'm sure it's going to be a pretty robust set of comments, and it would not surprise me to see them edge up, maybe not 2023, but 2024, 2025 quite a bit more as we go forward. And so end of the day, I don't really see anything here as disappointing by any means. I think it also signals the administration's view that they really want to see growth in SAF versus road fuel.

Question – Adam Samuelson: Okay. So on SAF, I mean it kind of ties into the Inflation Reduction Act and some of the incentives there, is SAF viable at current economics with the policies that are actually in place today?

Answer – Randall C. Stuewe: It is very close. And it's something that as a partner with Joe Gorder and team, we've been studying, trying to get the right technology. So, if you think about it, what's the difference between road fuel and high altitude fuel, it can't freeze. So, you've got to take some axis (12:59) out. And so at the end of the day, we were trying to figure out how to make this work. We lobbied hard as trade associations to – for a bigger subsidy in the Inflation Reduction Act. We didn't receive it. We got about 80% of what we wanted, but that's okay. The economics now are much closer.

The challenge with SAF is if you are an airline and out there, the numbers that are lobbed out there, I don't know, 20% of their operating costs or fuel. And if all of a sudden, you're going to buy jet A at $4 a gallon or you got to buy SAF at $8 a gallon, that's a big, big number for them. And so trying to make it viable without a mandate is challenging. So the question ultimately will become does (13:52) meaningful is (13:57) absolutely meaningful to us because it will give us the chance to arbitrage between road and air as the margins move around.

Today, they're close to parity to answer your question. And it will be – if we make the decision here and in 2023 to go ahead and commence construction, it's a 2024-2025 type of build-out, spend out and we would be then the largest producer of that and own the optionality. And that's really for me, from a de-risking of the model here, then by owning that optionality, you really created an opportunity. And whether or not the SAF stays in private aviation here, commercial aviation, cargo or it gets exported, it really won't matter. But it's a – any new gallons is great gallons.

Question – Adam Samuelson: Okay. And maybe in that kind of – in that vein, let's talk -- the other kind of key regulatory piece, there's many, but it is California and the Low-Carbon Fuel Standard. (15:01) or about $70 a ton, well off where they were 18 months ago, you've had carb looking at advancing and taking – increasing the carbon reduction targets. What can happen out of the California market to change that calculus and really be additive to the market today especially one that's already pretty saturated with renewable diesel or it's already a pretty significant part of the Pacific Coast (15:33).

Answer – Randall C. Stuewe: Yeah. I mean, California, I think you can you can step back pragmatically and look at it and say, I don't know, was it two years ago, two and a half. Time just flies for me as an old guy now. But carbon was $206 a ton. That is a signal to New York, in Washington, Oregon, New Mexico, Pennsylvania, New Jersey that maybe the cap and trade program there didn't really work. At this price, now, they say, wow, this does work because it incents production and the system is efficient. Now, the current price, I think, is kind of caught the California Air Resource (sic) [Resources] (16:13) Board maybe a bit off guard here and is now giving them the courage now to accelerate their reduction targets or blending targets. You still have California that's slowly returning to 2019 miles. You've got a myriad of RNG investments going on in the [ph] dairies (16:36). You got electric forklifts. You got electric cars.

And so the program is truly working. And so we're excited that we think California, they just completed their – whatever rescoping they're going to public comment now. Sometime in 2023, they're going to tell you what that trajectory is. And I will tell you that the deficit in credit bank is – well, it's tipped to the credits right now with an acceleration where we quickly turn to the deficit side again and we'll move back on up. At the end of the day, has it impacted margins a little bit? Yeah, but not really for the waste fat or low-CI producers. And then the other piece that's contemplated right now is maybe a mandatory California SAF program. And any gallons there, once again, become really, really positive through the SND (17:30).

Question – Adam Samuelson: Okay. I want to switch over to the parent business. And you've done a bunch of acquisitions over the course of the last year, one still pending and would love to just maybe think about kind of where the platform is today and been operating and where it can go once you get these deals properly integrated at their full margin potential.

Answer – Randall C. Stuewe: Yeah. For those that say we look at where the business has come from, in 2003, there were 20 plants, 600 employees and we processed, I don't know, I can't even remember now, 48 million or 60 million pounds a week. I can't even think of that in tons. Today, we'll process somewhere between almost 17 million tons of slaughtered animal byproducts. And essentially, we have successfully, not declaring victory yet, rolled up family companies from around the world to build this -- the new platform.

And so, yeah, we've had some challenges in some factories we bought. They always ask why do people exit businesses and it's either, A, the time to sell, B, there's a succession issue or, C, they're in trouble. And so we always try to buy good businesses with great management teams and you pay a fair price and then you make sure that whoever built that spreadsheet, if they're 100% wrong, you've not lost your company.

And so we've done that this year. It's kind of interesting. We looked back when we had a board meeting, in 2005, we doubled the company. In 2010, we doubled this company. 2015, we doubled the company, became global. And then we had the little COVID interruption here. But in 2022, we almost doubled the company again.

So we still look at the world now as – if you think of China today and this is really what I always share with people, a couple points here. China, one out of three people have access to protein today. Center of the plate dine-in is still part of people's goals in life. If you think of the world, you've got population growth, wealth creation. You eat a little better and then you buy better clothes and then you'll ultimately move to a better neighborhood. I mean, it's pretty simple.

And when you look at the world, it is absolutely still craving fish, chicken, pork and beef. And while we may have had a myriad – in the boardroom, in 2021, all I had to deal with was, are we going out of business because of plant-based proteins? And so one day, I brought in a group of whatever the plant-based Whoppers or whatever they were, cut them up into quarters and served the board and watched them say, never serve that to me again. I said, okay, don't ask me the question if we're going out of business again.

And so, the world craves protein. Nigeria will be the third most populous country in the world, and one out of three, one out of four have access to protein there. So, we continue to see an incredible trajectory for myself for the next five years and then the next management team after that for – to grow this thing. It's just – and really the value that I always share with people and I don't mean to get on my soapbox is we wake up in the morning trying to figure out how to make more money, not only for you, the stakeholder, shareholder but how to present to the livestock producer, the slaughterhouse more money in such that they can grow and we can make food more affordable in the world. And I don't know that people understand that's how we think.

And as the world evolved into an – everybody is like ESG, ESG. 20 years ago, we were about the people, the planet and profits. And so, that's the world we operate in today. The companies we bought over the last year, Valley Proteins for, I don't know, $1.1 billion, Gelnex for $1.1 billion. Miropasz for $100 million. What else I buy, (21:49).

Answer – Unidentified speaker: FASA.

Answer – Randall C. Stuewe: (21:51).

Answer – Unidentified speaker: FASA.

Answer – Randall C. Stuewe: Oh, FASA for I don't know, $567 million with a (21:55). Yeah. It was a buying spree.

Question – Adam Samuelson: And I guess that kind of as a capital allocation question in there and I want to then open up to the audience, but how do we – how are you measuring -- talk about the return thresholds that you're targeting, balancing kind of that inorganic investment versus the returns you're targeting, organic plant investment versus potential increases in shareholder returns down the road?

Answer – Randall C. Stuewe: Yeah. And we can go to specifics here. I mean, when you think about how we look at the world, we look at and said we want to stay in the fairway of what we're good at, and that's converting, transporting, removing water and separating fat and protein. And that's what we do for a living and then trying to create value-added products.

We benchmark ourselves against 28 public companies. You guys would know all of them from Adient, Bunge, Tyson, Celanese, FMC, Mosaic, Corteva and we have a view that we said, if we can operate in the top quartile annually of return on gross investment, we will attract both premier shareholders and we'll have a shareholder return that is admirable. And so we wake up in the morning looking at that. So everything that we invest in, we say, how will this affect our return on gross investment in our peer group? And that says that everything that we do has to have between a 15% and 20% return.

Now, there's going to be years it's going to be lower. There's going to be years it's going to be higher. So we look at the world both on a 10- year and a 5-year average, and then we say, okay, over five years, would it achieve those returns? Over 10 years, would it? And so there was a period of time between 2015 and 2019 that it was subpar. It was like 11%. And people were really questioning both my leadership and the view of the company. But now, all of a sudden now, we're at 25%. So, it comes and goes and you just have to have a long-term view. We're absolutely blessed with the board with a long-term view that buys into that. And so all of these businesses have been bought and acquired between 7.5 and maybe 8.5, 9 multiples pre-synergies that will then meet those targets.

Question – Adam Samuelson: Okay. Those are pre-tax or post-tax?

Answer – Randall C. Stuewe: Pre-tax.

Question – Adam Samuelson: Pre-tax returns. Okay. All right. And then as you think about that now scaling the company, Diamond Green Diesel is now at a much bigger scale without quite the same prospective volume growth potential as it once did. How do we balance shareholder returns (25:01) a bigger part of the story now that the cash could be coming in the door?

Answer – Randall C. Stuewe: Yeah. And so I think the question is, we were getting a story that says, hey, Randy, would you slow down? You're growing too fast again. And then they say, after we lay out a plan that says, well, we're just going to deleverage to pay this down, repatriate cash to the shareholder, or what are you going to do for me next? What's the next growth?

And so clearly, SAF, we're going there, rendering expansions. We're processing expansions. We got six or eight new plants that are either under construction or will be. We've acquired green energy businesses in Europe. I mean, I always share the fun story is, I think we're the top methane -- biomethane producer in the Benelux countries. And we're about a third the size of what Shell just paid, what, $2 billion to Danish Crown for and – but no one even knows that we're the largest there. And then the collagen peptide business, we're the largest collagen producer in the world with, I don't know, 30-plus percent market share. So there's continued growth in those areas as we look around.

I mean, the plan, very simple for us is to pay down debt as it allows and we will start to repatriate money. Diamond Green Diesel is debt-free. Everything is online. The JV will start. It has a formal policy. We'll start paying out dividends here in 2023, significant. We'll have, I think, somewhere between $800 million and $1 billion of free cash flow this year. We'll be levered if we close on the Brazilian gelatin acquisition in first or second quarter up to 3.1 times, and then that will bring us back to, once we pay that down to 2.5 times, headed the investment grade.

As I always tell people that Darling is a company that no one – it appears to be complicated. It's really not. It's in a position that is very, very unique. It's a very defensible moat. If we were – we don't consolidate the revenue out of Diamond Green Diesel. Today, if we did and added it back in, we'd be Fortune 300. So it's a giant little unknown company out there in the alphabet today.

Question – Adam Samuelson: Okay. There's questions in the audience. There are mics and happy to make this interactive.

Answer – Randall C. Stuewe: Sure.

Question – Adam Samuelson: In the front here, if we can just wait for the mic. Just give him a second.

Answer – Randall C. Stuewe: (27:37). Yeah.

Unidentified speaker

Question – Unidentified speaker: Thank you. My question is can you talk about competition a little bit? There is this even more unknown company called VERBIO in Europe that is trying to basically get into the US, just trying to understand kind of where you overlap or where you compete or if there's maybe synergies.

Answer – Randall C. Stuewe: Yeah. Relative to competition in the core ingredients business, there's only one major player left in the world out of Germany, (28:19) family. The green energy businesses, VERBIO, I wouldn't say we remotely even crossed paths with. We're larger on the biomethane digesting than they are. So I really never know how to answer competition because I always try to stay out of trouble and say we don't have any, but it's one of those things that there's nobody with the scale and the platform that we've built in the world.

Analyst: Adam Samuelson

Question – Adam Samuelson: Maybe if I take that question and bring it back to something you alluded to earlier. As you think about Diamond Green Diesel and its kind of margin advantage versus other renewable diesel producers (29:03) North America or in Europe and Asia, (29:08) how you bucket kind of the feedstock advantage, logistics, operating costs kind of the -- where you are on that cost curve, how steep do you think that cost curve really is, that really underpins that margin structure.

Answer – Randall C. Stuewe: Yeah. It's when – number one, when we embarked on building Diamond Green Diesel 1 and the friendship, partnership with Valero and Bill Klesse at the time, this was serial number 01. Total investment, $423 million, that was about half of our balance sheet. It was a career bet on a technology that had never worked or been done or commercialized. I can honestly say we've been operating in 10 years this July and never been unprofitable. And it's been hugely successful with 35% to 40% annual returns since we built it.

As we look to Diamond Green Diesel, when we made the decision to locate it, I'm an old (30:10) commodity guy or six-year-old commodity guy. But it's location, location, location. You don't locate a facility in California. You locate it in Decatur, Illinois or if you're in the petroleum business on the Gulf Coast.

And so, we looked at it and said, where is the most – the best economics for both inbound fats and oils from both rail and water? Where can we connect to the highest number of pipelines? Where's the cheapest natural gas in the country? Where is labor affordable? And, oh, by the way, there it was, St. Charles, Louisiana. And so it became that position.

As I look at it 10 years later and I look at potential competition out there, there's no one that has those advantages. And it's really hard to quantify. I mean, the beauty of the Darling, Valero, Diamond Green Diesel system is the knowledge that we've had over 10 years, the supply chain. I'm sure there's investors in here that are invested in Nestec (31:20). Congratulations. Great company. But who else is vertically integrated in the world in this business? Nobody. Us.

But you give them a 15 multiple. Give me a break. And so at the end of the day, the supply chain where we operate, on the whole five continents on origination and supply chain, is a significant advantage. The pre-treatment knowledge of what our team has brought to being able to remove alkali metals, nitrogen and other nasties out of the fat, allows us to have both yield and product quality that's above everybody's in the world and then pipeline. So you want to go to SAF, okay, we're, what, $0.03 or $0.04 a gallon from New York Harbor. So you have all these inbound/outbound advantages.

We look at it and you say, how do you quantify it? I'd say, it's $1 a gallon. So even if the naysayers in the room say, we're going to ethanol 2.0 in the renewable diesel business, we might be. We'll still be a (32:28).

Question – Adam Samuelson: Well, clearer. The guidance for this year is $1.10. You're saying nobody else in the renewable diesel industry is all that profitable right now implicitly.

Answer – Randall C. Stuewe: (32:41)

Question – Adam Samuelson: Okay. If we turn back to the capital return question, so there is a sequencing point there that you talked about Gelnex, acquisitions happening, you're going to start accelerating the distributions up from the Diamond Green Diesel joint venture to the parent, parent deleverages to 2.5 times, view that that gets you an investment-grade rating from the rating agencies. Is that when a common dividend becomes a real discussion or kind of a common dividend happened before that?

Answer – Randall C. Stuewe: Yeah. I mean, it's always been – the dividend discussion is always interesting one, and it's -- I know from the – we take a lot of advice from the Goldman team and they have told us that it will attract another level of shareholder and a longer term shareholder with a small dividend. And then we have other folks that say that's an admission, Randy, that you don't have anything to grow with.

The opportunity that is in front of us is by third quarter, fourth quarter next year we will have achieved -- or this year achieved our leverage ratios. Hopefully, the rating agencies acknowledge that we would be investment-grade caliber. And then as the cash builds, we've got multiple options. Do you do some type of accelerated buyback? Do you put a meaningful 1.5%, 2% dividend underneath it? Those are decisions above my pay grade, but it's the first time in 140 years that we're faced with that opportunity. And as we look forward, I'm already into 2024. I've already seen 2023 now, and I know that we're only five days in, but that's when it is absolutely, what are you going to do with $5 and $6 a share of free cash flow? You're going to have to do something.

Question – Adam Samuelson: And is there a – I mean, to that point, if you answer both, there's – are all of the above is the probable answer.

Answer – Randall C. Stuewe: It's a multiple choice. It's all of the above and we'll spend it organically if it makes our hurdle rates. We'll buy back shares opportunistically if those make sense against investment alternatives. We'll see what happens in the renewable fuels business. We're so large in Europe and in South America now, it doesn't make sense to build a renewable diesel plant on those continents.

Question – Adam Samuelson: Okay. (35:18) any other questions in the room? Okay. So, maybe last kind of high-level question then, if we think about where Darling is three to five years from now, Diamond Green Diesel is already 1.2 billion gallons. We've talked about SAF and maybe we do something on another continent. But what does the company look like three to five years from now different. If it's different, why would it be different? It seems like there's just a lot of integrating what you just announced and do more organic things, less sizable capital investment in the R&D (36:01) business. How does the business kind of evolve from here?

Answer – Randall C. Stuewe: Yeah. It's kind of fun to think about that. And it gets interpreted as well we're going to turn into this boring company. And this is like, no, we're going to keep growing. You're going to see investments. I mean, we're very close to an investment in the Ukraine. Thank God we didn't do that. But we still see so much growth opportunity around the world to participate and to create value. And whether it's in energy, whether it's in food, whether it's in animal feed or whether it's in disease mitigation, all of those avenues become available to us.

I mean, if you think of geographic investment for us today, the US is number one, Europe is number two, Brazil is number three. Closing of Gelnex will move Brazil up to number two, Europe number three, and then China number four. I mean, China is somewhere that we have operated for 25-plus years. Absolutely successful in China, very profitable but there's no core animal processing businesses in China. And I know you're going to smile and say that's because they eat everything, but they've got a huge disease issue over there, as we all know, with African swine fever and bird flu and other foot and mouth disease. And so that business is going to need to be developed over time and, hopefully, we can participate in that.

Okay. Well, on that cheery note, maybe we will leave it there. I want to thank everyone for the time. Randy, thank you for joining us. And everyone, have a great day.

Thank you.