

Strategic consulting for agriculture

Case study – US biomass-based diesel and ethanol feedstock markets



Fastmarkets consulting
Independent market intelligence and advisory

About Fastmarkets consulting

Fastmarkets consulting drives successful commodities ventures by empowering you to make quicker and better-informed investment and commercial decisions.

Combining tailored, independent advice with unrivaled market intelligence, our consulting builds upon Fastmarkets' trusted price benchmarks and research analytics to help you better facilitate trade, capture true market value and improve stakeholder expectations.



Why clients should plan now to capture future opportunities



Agriculture & Renewable Energy: Industry Trends & Tailwinds

1 Renewable Energy transition



- Alt. fuel transition (hydrogen, ethanol, bio-diesel, renewable diesel & SAF) will be adopted to displace traditional fuels
- Technology & regulation (EU ETS & US RFS) to continue as strong tailwinds
- Feedstock flow more globally with varying mandates & crop choices
- Pricing expected to be independent to traditional fossil fuels

Solutions:

- In-roads in benchmarks for fuels (on top of feedstock)
- Fastmarkets independent outlooks/insights to support strategic transition investment opportunities

2 Substitution & New Origination



- Supply disruptions & inflationary pressures in 2020-24 have led to alternate feedstock procurement
- Alternative procurement becoming normalized with both B2B primary processors and B2C retailers
- For bulk commodities, new regional origination is key to de-risk supply
- For softs, substitution (plant proteins, alt oils, alt nuts, alt dairy) is key to matching consumption patterns

Solutions:

- Access multi-region procurement visibility & price assessments from Fastmarkets
- Wider data access & authority on regional origination (LATAM for instance)
- New physical benchmarks for substitutes

3 Traceability & Sustainability



- ESG mandates saw transition to compulsory compliance (backed by EU & US regulation) in 2019-24 from just consumer preference
- Traceability of international procurement
- Eminent carbon offset costs (transport & farm management) due to regulation

Solutions:

- ESG compliant price intelligence (premiums or standalone)
- Carbon inclusive delivered pricing
- Utilising green commodity price physical benchmarks collected by Fastmarkets



The client challenge

Establishing an independent and globally recognised market consultant to Mandated Lead Arrangers (“MLA’s”) for debt financing purposes and go-to-market optimisation

Fastmarkets consultants were approached by a **leading US fuel supplier and marketer, with a network of refineries, pipelines, terminals, and distribution centers**. The client required the ability to secure favorable debt financing for the purpose of their development of the bio feedstocks market targeting the production of renewable diesel (RD) and sustainable aviation fuel (SAF).

When undertaking this project, our consultants had to work to a variety of client requirements, including:

Sales strategy optimization

The organization required independent **recommendations as to their go-to-market strategy** from a market and pricing perspective. This also included exploring the best strategy for procuring target feedstocks available.

Securing debt finance

They needed a **highly trusted and reliable market feasibility study to secure debt finance**. The client needed financial evaluation for each bio-fuel pathway, covering indicative capital expenditure (Capex), operational costs, and potential government incentives available.

Growth opportunities

To help **identify future organic and acquisition growth opportunities**, the client required a deep-dive analysis into US feedstock suppliers, logistics partners, refiners, airlines, and potential M&A targets.

Fastmarkets consulting solutions

Within a challenging and ever-evolving agriculture products market, Fastmarkets consultants were able to advise the client and its finance lenders as to how best to operate and anticipate rapidly changing developments.

- We assigned two teams of experienced market and technical consultants to work in parallel: one team focused on the off-take agreement; one team conducted the strategic review and market feasibility study.
- We applied our proprietary six-step research process, involving extensive primary research techniques supplemented by our in-house proprietary databases and forecasting models.
- This enabled us to gather detailed market intelligence on customer demand and pricing information in key target markets over the course of the twelve-week project.



Client outcomes

After identifying key insights on the client's target markets, Fastmarkets consultants delivered a comprehensive due-diligence strategic assessment.



Insight-backed investment decisions

Our market feasibility study defined the market size and potential sales volumes and revenues which positively **assisted the client's bank and investment consortium in their investment and financing decisions.**



Independent project due-diligence

Fastmarkets was able to independently **validate the Project providing informed decision-making support, guiding the selection of optimal locations, strategic feedstock procurement strategies,** and suitable partnerships essential for a successful investment in the renewable diesel and SAF markets.



Strategic option advisory

Fastmarkets provided a **comprehensive technical assessment of alternative pathways for producing renewable diesel (RD) and sustainable aviation fuel (SAF),** such as Ethanol to Jet, Biomass-to-Methanol, Fischer Tropsch, and advanced feedstocks. This analysis included evaluations of yield profiles and carbon intensities associated with each pathway.

Current and future regulatory factors

We provided the client with an ability to **identify and qualitatively assess project impact (both beneficial and detrimental) from existing and anticipated federal-level regulatory programs.**

Client testimonials



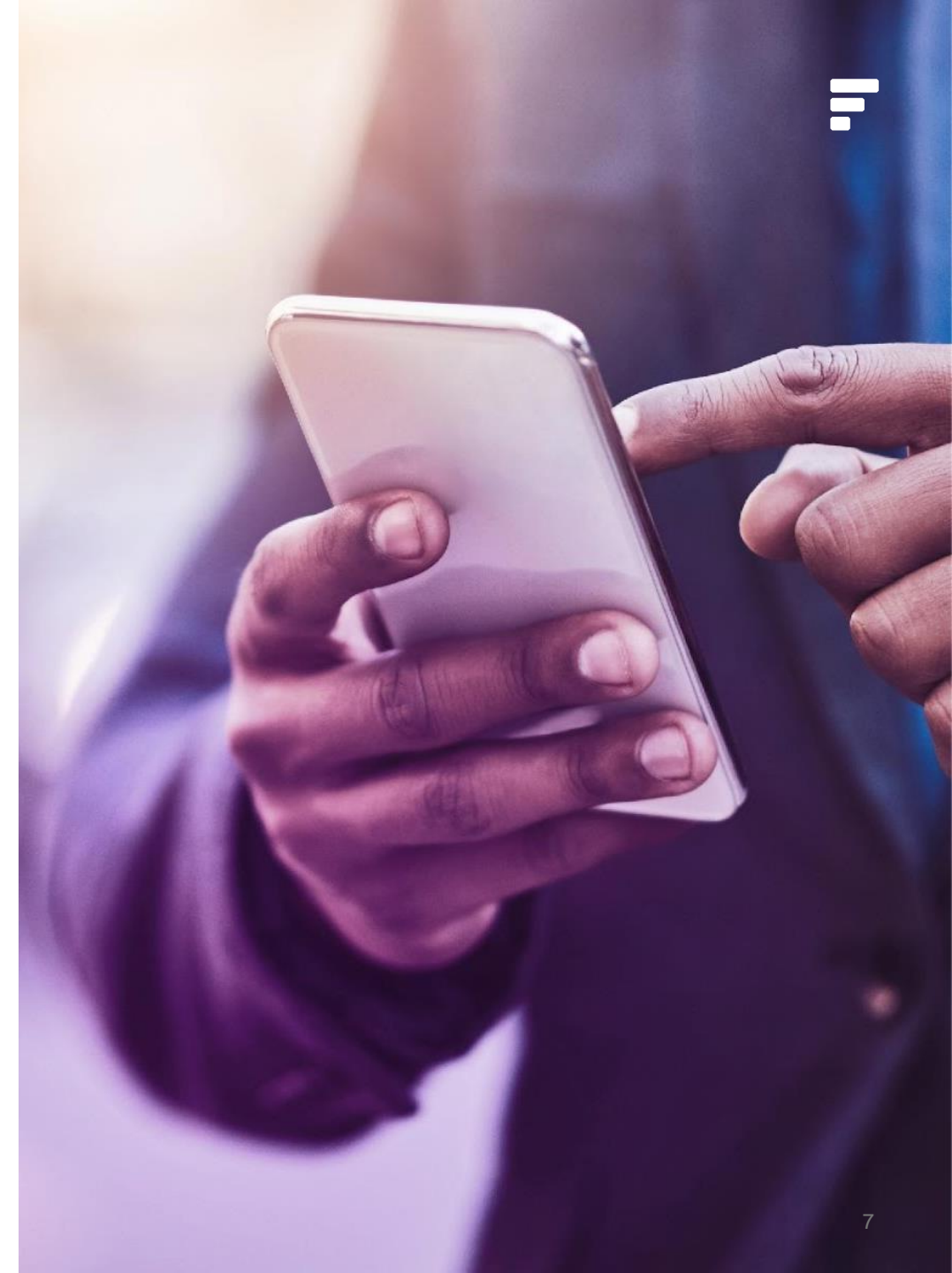
At a high-level, **we were very pleased with the work that Fastmarkets did**, and it tracked very closely with the scope that we had agreed to. Fastmarkets provided a great work product for what we were trying to accomplish. **The Fastmarkets team were always very responsive in our requests**, which we very much appreciated.”

Director



Fastmarkets led a special due-diligence project whose work and analysis was significantly more comprehensive than other recognized market research firms we have worked with in the past.”

Global Project and Corporate Finance



Our team of consultants



Fastmarkets consultancy has significant in-house expertise and resources across agriculture commodities.



Tim Worledge
Head of Agriculture

- A founding partner of Tim has over 20 years of experience in the commodity markets, including developing global benchmark prices in the renewable energy industry.
- At the forefront of commodity analysis and reporting Tim has been instrumental in developing the Black Sea swaps market.



Ryan Standard
Head of Pricing Analysis

- As a leading analyst in the industry, Ryan has covered the US fat and grease market for more than 15 years.
- Ryan was critical in The Jacobsen's efforts to obtain IOSCO certification, an industry-standard verifying that the practices and policies in the price reporting business meet stringent requirements.



Tore Alden
Head of Consulting

- Tore has 25 years of experience in commodity markets, including trading, market research, and consulting in the grains, oilseeds, and energy markets for clients ranging from multinational food companies to energy majors.



Melissa Cousin
Sustainable Fuels Consultant

- Melissa is a Sustainable Fuels Analyst with Fastmarkets specializing in the energy industry, with over 20 years of experience. Melissa has worked at DeWitt & Company and later at Argus Media.
- Following Argus Media, Melissa also worked as an analyst for ExxonMobil and Energy Aspects before joining Fastmarkets.

Thank you



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Brian covers the global commodities sector in detail having written numerous reports, studies, and papers and conducted extensive consultancy and market research projects over the past 25 years at Fastmarkets.

Brian speaks English and Russian.



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Tore has 25 years of experience in commodity markets, including trading, market research and consulting in the grains, oilseeds and energy markets, working for clients ranging from multinational food companies to energy majors. He works closely with clients to ensure that the research produced by the company meets their requirements.