Glycerine Market Report

Background Note:

Oleoline® is a registered trademark which belongs to HB International SAS (HBI). HBI is a brokerage house specialized in oleochemicals with offices in Europe, Turkey, China, India, Malaysia, North America and South America: www.hbint.com

HBI is an acknowledged specialist of the global glycerine market and has organized and chaired 4 Global Glycerine Conferences in the past. As brokers, HBI sold over 380,000 mt of glycerine worldwide in 2017, including important volumes in both China and the USA. This wide operational reach is unique in the glycerine market and provides a fundamental understanding of the mechanics of this global commodity.

These credentials enable HBI and Oleoline to present a comprehensive, objective and knowledgeable analysis of the global glycerine market. The "Oleoline® Glycerine Market Report" has been published since 1986. This Report is subscribed to and recognized as an industry reference by most of the major players in the glycerine market.

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The information contained in this report is a result of our knowledge of the market, as well as being obtained from sources considered to be reliable. Every care has been taken to ensure its accuracy.

The quotations in this report are averages of price ranges pertaining to the market during the period reported. They are based on bids, offers and trades heard in the market or handled by our sister company HBI during the period concerned, and we believe them to be representative of market levels.

However, Oleoline® cannot accept responsibility for the information contained in this report, nor for our prognoses and opinions.

You are welcome to give us your feedback: oleo@oleoline.com
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1/ SUMMARY

TABLE I: Short Term View of Glycerine Prices, June 2018 to end 2018

<table>
<thead>
<tr>
<th>PRODUCT</th>
<th>USA June 2018</th>
<th>Europe June 2018</th>
<th>Est. for USA End 2018</th>
<th>Est. for Europe End 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>99.7% kosher quality refined glycerine spot price</td>
<td>50 c/lb.</td>
<td>EUR 765 pmt</td>
<td>50 c/lb.</td>
<td>EUR 650 pmt</td>
</tr>
<tr>
<td>99.5% technical quality refined glycerine spot price</td>
<td>47 c/lb.</td>
<td>EUR 725 pmt</td>
<td>45 c/lb.</td>
<td>EUR 550 pmt</td>
</tr>
<tr>
<td>80% crude glycerine spot price</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- for refining</td>
<td>18 c/lb.</td>
<td>EUR 390 pmt</td>
<td>17 c/lb.</td>
<td>EUR 305 pmt</td>
</tr>
<tr>
<td>- for disposal</td>
<td>5 c/lb.</td>
<td>EUR 200 pmt</td>
<td>4 c/lb.</td>
<td>EUR 175 pmt</td>
</tr>
</tbody>
</table>

NB: Spot prices are defined as an average level of sales made during the captioned month in bulk, delivered customer. Estimates based on exchange rate: € 1 = $ 1.18

Glycerine prices have been decreasing during the past quarter. This is happening at different rhythms in different markets. The phenomenon has only started in the USA and in Argentina while it is already well underway in China and in Brazil. In Europe refined glycerine prices have dropped by 20% since the start of the year.

This new phase of the cycle has wrong-footed several actors in the market. It seemed logical that glycerine prices remain high as long as biodiesel sales would be constrained by low mineral oil values and a growing rejection of diesel engines. Many sellers and buyers subscribed to the view that glycerine prices would remain high and could increase further for some market segments.

The market change was triggered by a fall in demand from China. Importers imposed lower prices after the Chinese New Year and decreased their interest levels on a weekly basis thereafter. Sellers followed suit and agreed to decrease prices as per the Chinese customers’ requests, betraying a lack of alternatives. Once all Chinese importers had booked volumes and seen that markets continued decreasing, they stopped purchasing.

Glycerine stocks have since been accumulating, without posing an immediate threat to most biodiesel producers who started the year with very low stocks. However, the US decision to renege on the Iran deal has sent mineral oil prices to higher levels, offering better margins for biodiesel production. Discretionary blending, the incorporation of biodiesel in the diesel pool outside of mandates, re-emerged for the first time since 2014.