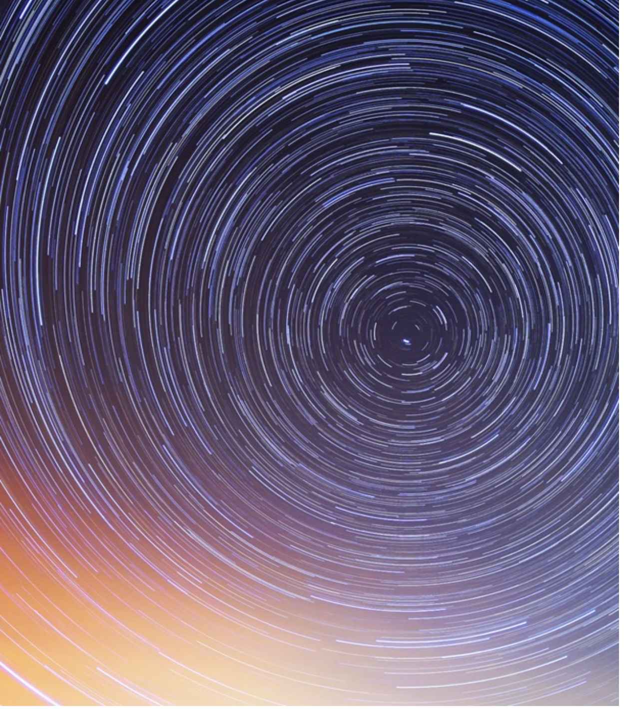
Fastmarkets

Tracking SAF Prices
Challenges in a nascent market



Methodology

Fastmarkets analysts conduct daily survey of traders, buyers, sellers & brokers

Market data submitter requirements

IOSCO reasonable assurance in August 2020

IOSCO Type I Audit completed June 2022 (BFT, DCO, UCO)

IOSCO Type II Audit completed July 2023, July 2024 (BFT, DCO, UCO, SBO)

Prices are based on trades, bids/offers and price indications

Full methodology can be found at www.fastmarkets.com/methodology/agriculture/

Challenges in pricing the SAF market

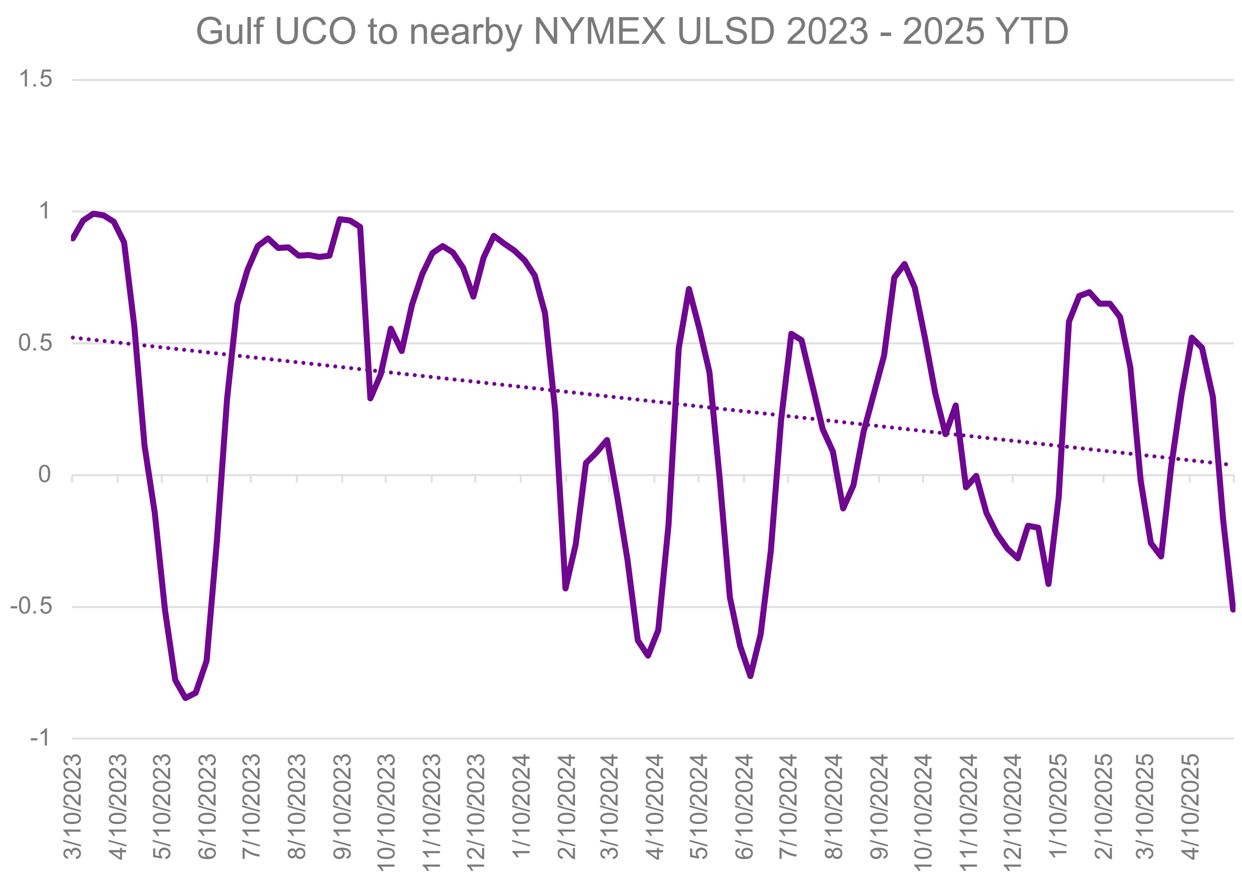
There are no bullseyes

- Limited spot transactions
- Long term offtake agreements
- ULSD/GO correlation to UCO
- Where (geographically) is the market?
- What's the credit stack?
- Multiple production pathways
- History of biodiesel pricing

Pricing the physical molecule

UCO or ULSD?

- Poor correlation between UCO and ULSD
- Two-year linear r2 is 0.46
- Feedstock ~ 80% of the cost of production
- How can one manage risk?
- What's the physical gallon worth?
- Can SAF be produced at parity with Jet-A/Jet A-1?



Source: Fastmarkets, CME Group. 10 week rolling correlation.

Market in review

Cost of production US Gulf

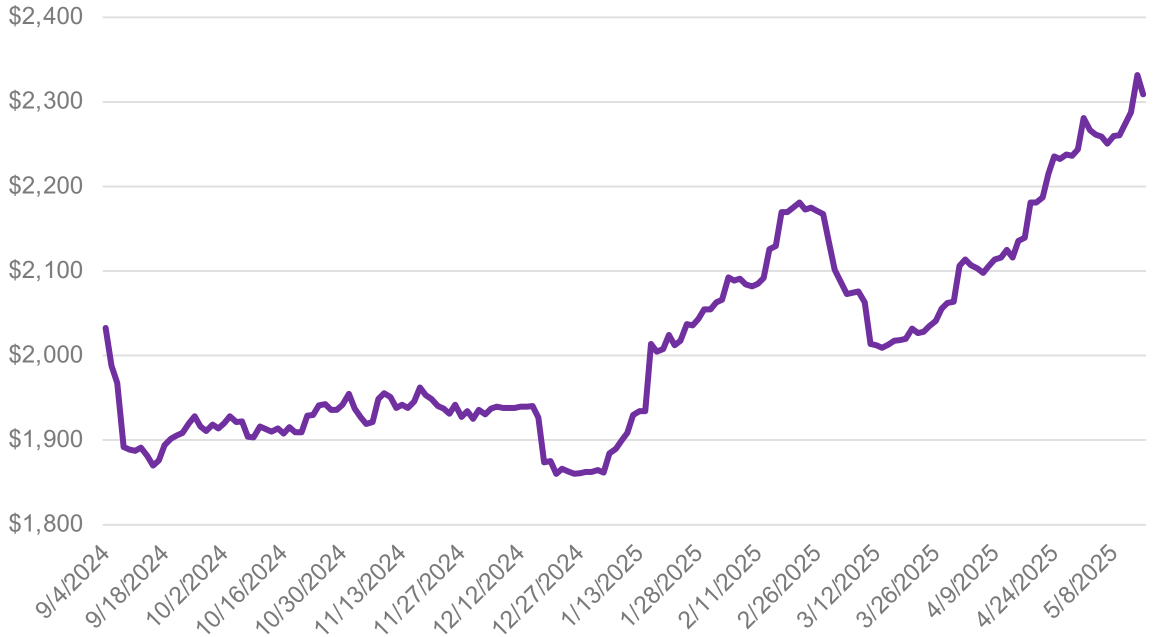
Price driven by myriad of factors influencing the cost of feedstock

Profitability for producers is in SAF (HEFA) – considering production to mandate ratio vs other fuels

Yet to see mass production of non-HEFA pathway

Capacity (HEFA) –
US – 3.9 mmt/year
EU - 2.9 mmt/year
China – 0.62 mmt/year

SAF Houston ex-works Sep 2024 - 2025 YTD ($/mt)



Source: Fastmarkets

“

..they have to greatly reduce their dealings with the United States, recognizing that whatever happens with tariffs, these problems won’t go away, and that radically reduced interdependencies with the U.S. is a reality that has to be planned for.”

Ray Dalio. (April 28th, 2025) “It’s Too Late: The Changes Are Coming”

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A few thoughts on feedstocks

Is there enough feedstock?

That depends…

Current political trends may dramatically reshape market

Credit values in US market – 45Z & RVO

What is 45Z? What is the RVO?

EU feedstock could see big impact from restricted market access

Tariff and reciprocal tariffs affect feedstock and fuel trade flows

Chinese UCO exports

	EU	US
2021	778,952	114
2022	1,017,482	47,485
2023	565,212	834,105
2024	737,073	1,267,220
2025*	318,695	201,892

Source: GTT, mt/year. *2025 through April

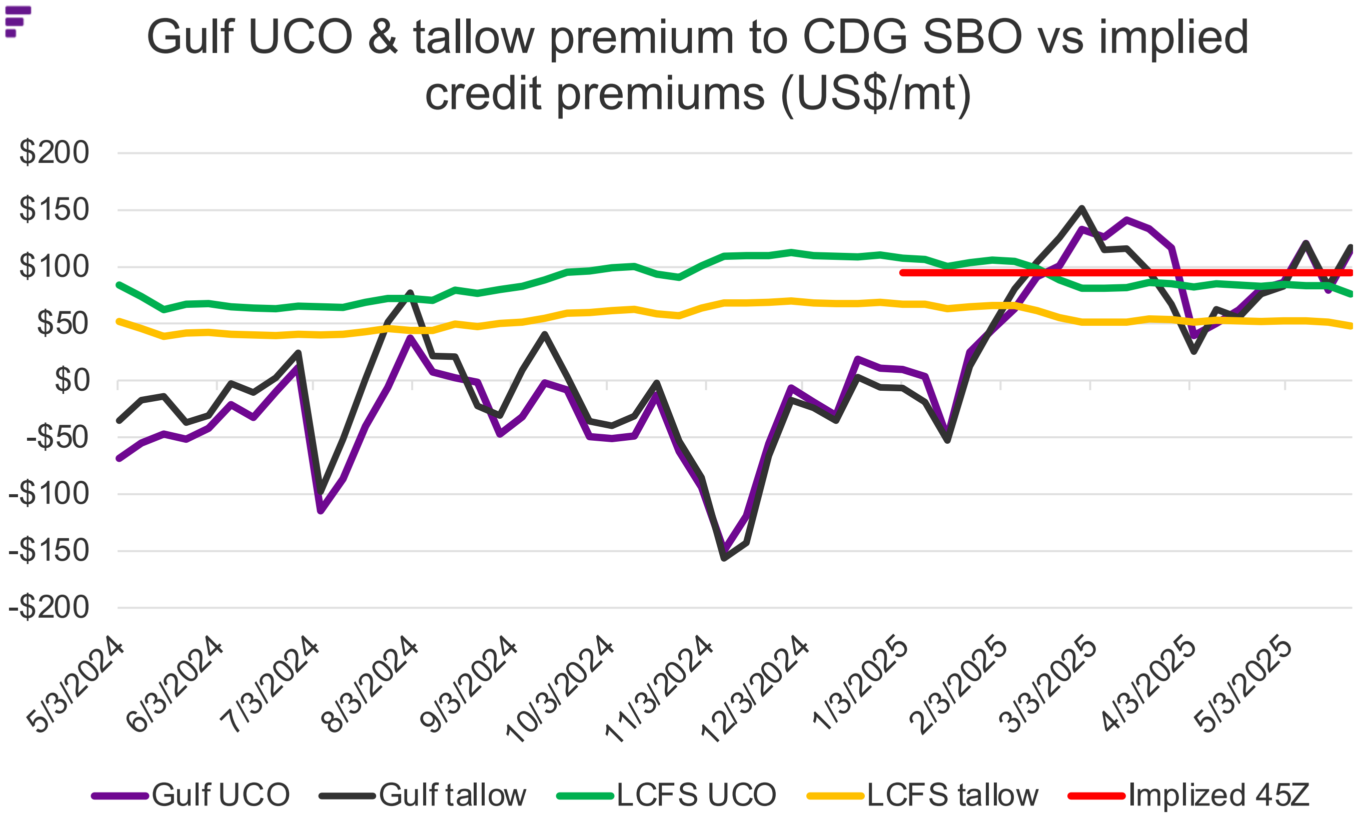
UCO & tallow premiums to soybean oil

Low CI feedstock value jumps relative to soybean oil

Slower production and favorable price led to lower price in Jan

Premium to soybean oil higher in Feb with more buyers chasing low CI feedstocks for March production

Lack of imported UCO weakened buyers leverage in domestic market



Source: Fastmarkets

Closing thoughts

Cost of production is best measure for physical molecule

Feedstock prices can represent what the fuel buyer needs to maintain some profitability vs fuel sale

Credits are very specific to end user and destination market'

Cost of production is the closest thing to bullseye in representative value of physical molecule

We will continue to monitor market for liquidity and report on transactions

Reach out to our SAF & carbon team

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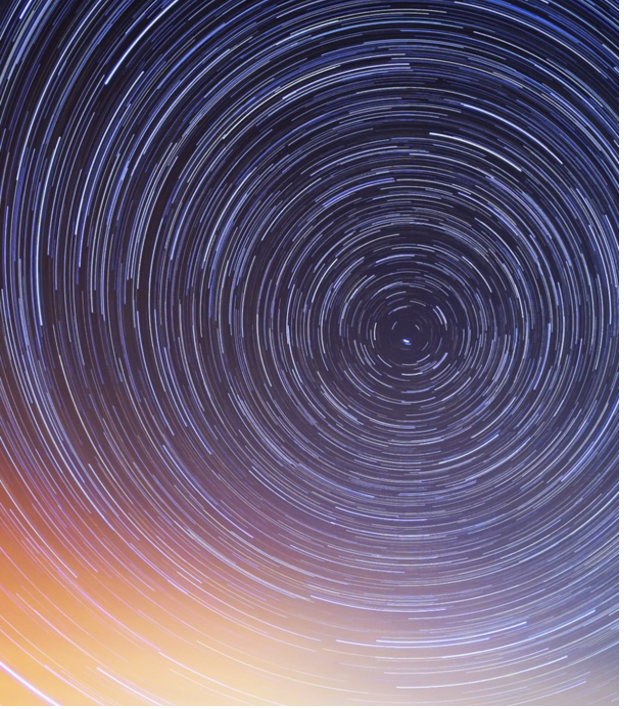

Thank you

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