Q3 2026 Earnings Call

Company Participants

- Juan R. Luciano, Chair of the Board of Directors, President, and Chief Executive Officer
- Jeff Rowe, Executive Vice President and Chief Operating Officer
- Monish Patolawala, Executive Vice President and Chief Financial Officer
- Kate Walsh, Director, Investor Relations

Other Participants

- Andrew Strelzik, Analyst, BMO Capital Markets
- Benjamin Theurer, Analyst, Barclays
- Heather Jones, Analyst, Heather Jones Research
- Manav Gupta, Analyst, UBS Securities
- Matthew Blair, Analyst, TPH & Co
- Pooran Sharma, Analyst, Stephens
- Steven Haynes, Analyst, Morgan Stanley
- Thomas Palmer, Analyst, JPMorgan Chase & Co

Presentation[1]

Operator

Good morning, and welcome to the ADM Third Quarter 2026 Earnings Conference Call.

[Operator Instructions] As a reminder, this conference call is being recorded. I would now like to introduce your host for today's call, Kate Walsh, Director of Investor Relations for ADM. Ms. Walsh, you may begin.

Kate Walsh

Welcome to the Third Quarter of 2026 Earnings Conference Call for ADM. Our prepared remarks today will be led by Juan Luciano, Chair of the Board and Chief Executive Officer; Jeff Rowe, Executive Vice President and Chief Operating Officer; and Monish Patolawala, Executive Vice President and Chief Financial Officer.

We have prepared presentation slides to supplement our remarks on the call today, which are posted to the Investor Relations section of the ADM website and through the link to our webcast.

Some of our comments and materials may constitute forward-looking statements that reflect management's current views and estimates of future economic circumstances, industry conditions, company performance and financial results. These statements and materials are based on many assumptions and factors that are subject to numerous risks and uncertainties. ADM has provided additional information in its reports on file

[1] *Certain statements made during this call may have been edited or modified for clarity, readability, or accuracy by the company following the live event. The company is not responsible for any inaccuracies or omissions that may result from these modifications.*

with the SEC concerning assumptions and factors that could cause actual results to differ materially from those presented in the materials. Unless otherwise required by law, ADM assumes no obligation to update any forward-looking statements due to new information or future events.

In addition, during today's call, we will refer to certain non-GAAP or adjusted financial measures. Reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures are available in our earnings press release and presentation slides, which can be found in the Investor Relations section of the ADM website.

I will now turn the call over to Juan.

Juan R. Luciano

Thank you, Kate. Hello, and welcome to all who have joined the call.

Please turn to Slide 4, where we have outlined our third quarter highlights. Today, ADM reported adjusted earnings per share of $1.77 and total segment operating profit of $1.4 billion for the third quarter of 2026. Over the trailing 4 quarters, our adjusted ROIC was 9%, and year-to-date cash flow from operations before working capital changes was $3 billion. Total segment operating profit increased by 64% from the prior year quarter, reflecting another strong quarter of results.

Our team executed well in a complex operating environment where global energy prices remained elevated and biofuel margins remained favorable. In Nutrition, Flavors delivered operating profit growth year-over-year. And in Animal Nutrition, the portfolio actions we've taken, along with operational improvements, are gaining traction and showing up in results. Given our strong performance year-to-date and our outlook for the remainder of the fourth quarter, we are again raising our full year 2026 adjusted EPS guidance. We now expect a range of $5.50 to $5.80 for adjusted EPS, increased from our prior range of $5.15 to $5.60.

Throughout this year, our substantial crushing, ethanol and biodiesel footprints have given us tremendous access to a favorable North American margin environment and have been a true competitive advantage. And in Nutrition, we are building momentum. As we close out the year, we remain focused on continuing to deliver value for our shareholders. In the third quarter, we paid our 379th consecutive quarterly dividend and resumed opportunistic share repurchases, which reflects the resiliency of our business, the health of our balance sheet and our commitment to returning capital to shareholders.

Please turn to Slide 5. As I reflect on what we have accomplished so far in 2026, our goal coming into the year was clear: control what we can control and achieve better returns than the market delivers. We made real progress on that front, and the team executed well again this quarter.

I'll give a few highlights from the third quarter. In Ag Services and Oilseeds, global crush volumes increased year-over-year, and our South American team delivered a record quarter for soybean crush volumes. In Carbohydrate Solutions, we sequestered approximately 300,000 metric tons of carbon dioxide during the quarter. And year-to-date, we have sequestered close to 1 million metric tons. And in Nutrition, tangible progress is being made, particularly in Flavors and Animal Nutrition. We also recently announced plans to form a joint venture with CJ that

combines our Decatur, Illinois, amino acid facility with select CJ assets. Global market pressures are putting U.S. production of feed-grade amino acids, particularly lysine, at risk. This joint venture is designed to change that by creating a more cost competitive, reliable and long-term U.S. source of supply for our customers.

Please turn to Slide 6. Over the past few quarters, we walked you through the long-term growth pathways we are investing in to power our next phase of growth. Last quarter, we focused on natural colors in the U.S. That opportunity remains robust, and our target is unchanged, $80 million to $100 million of annual operating profit uplift over time in Nutrition as customers launch products with natural colors. Today, I want to take a closer look at another pathway, precision fermentation, which sits within our Carb Solutions segment.

Fundamentally, we believe that the combination of biology and technology will be a major driver of food innovation at scale for decades to come. Protein is one of the clearest examples of this. Global demand is outpacing traditional supply and the world needs new sources of high-quality, sustainable protein. By combining our deep R&D expertise with our substantial fermentation assets, we are helping build a more resilient protein supply chain through biomanufacturing.

We're already building customers and partnerships across several key areas. In pet food, we're investing in opportunities to scale animal-free meat-like proteins, including chicken and lamb alternatives. For baked goods, protein bars, pasta and other products, we're moving towards commercial scale production of an egg white ingredient alternative. And in dairy and food manufacturing, where whey is in short supply, we're working with a technology partner to produce a whey alternative that matches the molecular profile of conventional whey with more consistent quality.

Three advantages set us apart from peers and derisk the near-term opportunity set for us. First, our feedstock. Our access to commercial scale dextrose supply gives us a cost and reliability edge. Second, capital efficiency. We are using fermentation assets we already own so we can scale without the time and capital of greenfield projects. And third, our integrated value chain. Our R&D expertise, our global supply chain network and our customer relationships enable us to deliver a wide range of clean label ingredients around the world. Together, these advantages position us to deploy capital efficiently while helping customers meet growing demand.

And the opportunity extends well beyond protein, including natural colors, and highlights the strength of our organic growth plans. We'll continue to showcase other growth platforms in future earnings calls.

I'd like to wrap up by thanking our colleagues around the world. Every day, you deliver for our customers while building what's next. To the farmers who anchor our value chain and to our customers and partners who trust us to innovate alongside of them, thank you. Together, we are connecting the harvest to the home with solutions for today and tomorrow.

I'm now pleased to welcome Jeff Rowe to our earnings call for the first time. Jeff assumed the newly created role of Executive Vice President and Chief Operating Officer in August with responsibility for our segments, global operations and sustainability.

With that, let me turn the call over to Jeff.

Jeff Rowe

Thank you, Juan, and good morning, everyone. I'm excited to join my first ADM earnings call. Since arriving in August, I've spent a lot of time with our teams and our operations around the world. I've been deeply impressed by the quality and the commitment of the employees and the strength and scale of our assets.

Right now, I am most focused on 3 key operational areas. First, operating as a world-class manufacturer. We have made meaningful progress reducing unplanned downtime across much of our network, and we see significant opportunity ahead to modernize our facilities and incorporate more automation. That progress is showing up in our results. For example, global crush volumes increased by 1.6% over the third quarter of last year, and we have more room to grow.

Second is innovation, which is a particular passion of mine. Throughout my career, I have led large innovation organizations that have embraced technology to create value for customers around the world. As Juan noted, combining technology and biology to drive food innovation at scale is a significant long-term opportunity for us in a space where we intend to be a leader. We are uniquely positioned to capture this opportunity with our global asset network, which gives us a daily view of how trends are evolving from the farm to the consumer. Few companies can match the depth of data we hold, and AI lets us put that data to work, helping make faster and better informed decisions. We are turning these insights into better solutions for customers and a more durable competitive advantage. I'm excited to leverage my 30 years of innovation experience to advance our efforts in this area.

And third, targeted organic investment, guided by what our customers need and what will deliver the best returns for our stakeholders. We see 2 categories of compelling opportunity. First is near term, like debottlenecking and expanding existing domestic crush and ethanol facilities, which we recently announced. The second is investing in our value creation pathways, like precision fermentation capabilities and natural colors. ADM has a strong foundation and a real opportunity ahead as we advance our growth strategy and deliver on our priorities. I look forward to working with the team to build on that momentum, and I'm also looking forward to getting to know many of you in the months ahead.

With that, I'll hand it to Monish to walk you through our third quarter financials and full year outlook.

Monish Patolawala

Thank you, Jeff, and I wish you all a very good morning.

Please turn to Slide 7. AS&O segment operating profit for the third quarter of 2026 was $778 million, up 105% compared to the prior year quarter. Included in the third quarter results were approximately $35 million of net positive mark-to-market and timing impacts. Refined Products and Other had net positive impacts of approximately $45 million, which were partially offset by modest net negative impact attributable to Ag Services and crushing. Ag Services in the current quarter generated operating profit of $172 million, representing a decrease of 9% compared to the prior year quarter. Higher corn and soybean exports out of the United States partially offset softer results in certain markets such as Ukraine.

For crushing, operating profit was $311 million for the quarter, an increase of approximately $300 million from the prior year quarter as the business performed well in a constructive North American biofuels margin environment. The constructive margin environment continues to be driven by higher domestic demand resulting from the RVO policy, which was finalized in March of this year, combined with higher global energy prices. Additionally, the team increased global crush volumes year-over-year and soybean meal demand remained strong throughout the quarter. In South America, crush margins have been pressured by the delay in Brazil's biofuels policy changes.

For Refined Products and Other, operating profit was $218 million, up 82% compared to the prior year quarter. The year-over-year increase was largely attributable to favorable North American biodiesel margins driven by higher domestic demand resulting from the RVO policy finalization, combined with higher global energy prices. The results were further helped by mark-to-market and timing impacts. For our investment in Wilmar, equity earnings were $77 million for the quarter, up 38% compared to the prior year quarter.

Turning now to Slide 8. For the third quarter, Carbohydrate Solutions segment operating profit was $470 million, representing an increase of 40% compared to the prior year quarter. In Starches and Sweeteners, operating profit was $324 million, up 11% year-over-year. The improvement was driven by strong ethanol margins, including the benefit of policy incentives. Strength in ethanol margins continued to more than offset the ongoing pressure in liquid sweetener margins and volumes. Further, starches continued to show stability, while global wheat milling volumes remained stable in a competitive pricing environment.

In Vantage Corn Processors, operating profit was $146 million, representing a $103 million increase from the prior year quarter as our corn dry milling ethanol operations benefited from stronger ethanol margins, including policy incentives. Overall, base ethanol EBITDA margins for the quarter were higher compared to the prior year quarter.

Now turning to Slide 9. For Nutrition, segment revenues in the third quarter were $1.8 billion, down 4% compared to the prior year quarter. Human Nutrition revenue decreased by 2%, largely driven by pressure on wholesome ingredients product lines. Animal Nutrition revenue decreased by 6% year-over-year, primarily reflecting our previously disclosed portfolio actions and the formation of the Akralos joint venture. Nutrition segment operating profit was $134 million for the third quarter, representing an increase of 3% compared to the prior year quarter.

Human Nutrition operating profit was $93 million, down 3% compared to the prior year quarter. Progress made in Flavors and the recovery of the Decatur East plant were offset by unplanned downtime, inflation pressures, market softness in biotics and the prior year quarter benefiting from approximately $10 million of insurance proceeds. Animal Nutrition operating profit was $41 million for the quarter, up 21% compared to the prior year quarter, primarily attributable to ongoing improvements and benefits from portfolio actions taken during 2025. Corporate expenses declined year-over-year due to the nonrecurrence of prior year impairment losses. Other business results were higher year-over-year, primarily due to a onetime benefit related to the release of certain insurance reserves.

Now turning to Slide 10. For the first 9 months of the year, ADM generated cash flow from operations before working capital of approximately $3 billion. We remain

disciplined in how we allocate capital, directing investment to the projects with the strongest returns. Through the first 9 months of 2026, we invested $773 million in our footprint. As we continue to be very disciplined on where we invest, we now expect 2026 capital expenditures will be in the range of $1.2 billion to $1.3 billion, down from our prior range of $1.3 billion to $1.5 billion. During the quarter, we returned approximately $254 million in dividends, marking our 379th consecutive quarter of paying a dividend. We also resumed opportunistic share repurchases, buying back approximately $360 million of shares, and we will remain selective on bolt-on M&A that complements our core businesses. Our net leverage ratio at the end of September was 1.5x, and our year-end target remains unchanged.

Turning now to Slide 11, where we have provided updated details regarding our 2026 outlook. Earlier in the call, as Juan mentioned, we raised our outlook for 2026 adjusted EPS to a range of $5.50 to $5.80, up from the previous range of $5.15 to $5.60. Our raised guidance reflects both our year-to-date performance and our expectations for the fourth quarter. For AS&O, in Ag Services, we are assuming that China continues buying North American soybeans. In crushing and Refined Products and Other, we expect the constructive biofuels environment to drive strong year-over-year growth in the fourth quarter. Results should also benefit from the expected reversal of the majority of the net negative mark-to-market and timing impact carried over from the first 9 months of the year. As a reminder, we do not include new mark-to-market and timing impacts in our forward guidance. Additional adjustments could arise in the fourth quarter depending on the direction of commodity prices.

For Carb Solutions, we expect strength in ethanol margins, including policy incentives, to continue to more than offset the softness we are seeing primarily in liquid sweeteners. Additionally, we are raising our net benefit expectations from 45Z to approximately $350 million for 2026, up from our prior expectations of approximately $250 million. For Nutrition, we expect good year-over-year growth, although the fourth quarter is our seasonally low period for flavors. Additionally, we will work through the ramp-up of the plant currently experiencing downtime, and we will navigate through inflation in certain input costs.

For Corporate, we continue to expect costs to be higher than in 2025, driven primarily by performance-based compensation, along with continued investments in research and development and automation and digitalization. And we continue to monitor external factors across the macroeconomic, geopolitical, policy and trade environments. As you recall, at the beginning of 2025, we had announced an enterprise-wide cost savings program that would have a targeted aggregate cost savings of $500 million to $750 million. The team achieved significant savings in 2025 and the momentum has carried into 2026. We remain on track to achieve our stated targets.

In summary, the third quarter reflected good commercial and operational execution by the team in a complex but constructive global trade and biofuels environment.

In closing, I want to thank our ADM colleagues around the world for their focus and execution. It is their hard work that has translated into strong results, and the accompanying cash flow funds our priorities today and our growth tomorrow. As we navigate a dynamic global environment, we remain well positioned to deliver on our commitments, which in turn will create value for our shareholders.

With this, I'll hand it back over to Juan.

Juan R. Luciano

Thanks, Monish. To recap, our third quarter results show a significant step-up in earnings. A constructive biofuels environment, combined with our sizable North American presence and good execution by our team drove the year-over-year improvement, and that combination enables us to raise our full year 2026 outlook again for the third time this year. Longer term, we believe we are well positioned to drive earnings growth through driving cost leadership through technology, expanding high-performing assets and leveraging our existing platform to create value through compelling opportunity sets in Nutrition, BioSolutions, precision fermentation and decarbonization.

With that, we'll take your questions now. Operator, please open the line.

Question and Answer

Operator

[Operator Instructions] Your first question is from the line of Manav Gupta of UBS. Your line is open. Please go ahead.

Manav Gupta

Congrats, Juan, Monish, everybody. Third guidance raise in one year, a beat, higher buybacks and lower CapEx. So this is one of those absolutely flawless quarter. I just wanted to start a little bit on the guidance. You have about two months left in the year. Trying to understand what could put you towards the midpoint of that guide and what could put you towards the top end of the guide? And then broader question, Juan, is as you enter 2027, what are the major macro outlook in terms of how you're thinking about 2027 amongst your various businesses?

Juan R. Luciano

Yes. Thank you, Manav. Good morning to you. Listen, as you said, we're raising our guidance for the third time this year to $5.50 and $5.80. And the guidance -- the raise reflects a strong year-over-year execution. I think the team has been performing very, very well in these circumstances. And the expectation that the team will continue to do so through the balance of the year. We have a constructive environment, and I think none of that has changed, particularly in biofuels for Q4. And also remember that Ag Services has their strong quarter in Q4. So of course, with one month of Q4 behind us, there is better visibility. But there is still a lot of market and execution factors that will determine where we land.

I also remind you that we don't forecast mark-to-market. So those things will happen. Part of our high end is for us to recover a lot of the mark-to-market that is coming back in Q4. We expect a majority of the mark-to-market will still out there to come in Q4. We are expecting still China to come on soybeans. We don't have big expectations for corn at this point in time since we don't have any news on that. So it's a little bit more of the same with the normal seasonality that we have in the different businesses.

Monish Patolawala

And Manav, just -- you know this, but just for your -- for others' benefit, too, Flavors

usually is the seasonal low for the industry that makes it seasonal low for our business. And even in ethanol, usually, it's a seasonally low for the industry that also makes it lower for us. And then, of course, as Juan said, the cost out will continue in Q4, just like we did in Q3. And then the other one that I just wanted to call out also here was when you think about the changes that we have done, in Q3, we had a onetime benefit of insurance reserves that we released in our captive business. So it's onetime, so that doesn't repeat in Q4.

So hopefully, that answers your question.

Manav Gupta

Perfect.

Juan R. Luciano

Sorry, Manav, I was going to answer the second part of your question that you said about '27 and how I look towards that. We look at '27 with optimism. We see a constructive market structure that actually looks substantially similar to 2026. We expect biofuels demand and margins to remain favorable as we saw during the second half of this year. And we expect there are going to be some supply chain disruptions, and that's where we are set up for. Our assets and our team normally shine in those circumstances. So our role is to try to bring products to the market regardless of the circumstances. So I think our global footprint and the team's ability to execute will play well.

We're also -- it's a year of investment in 2027. We continue to invest in our future growth through R&D, but also through automation and digitization. And we will continue, as always, we've been in this industry for the last 15 years. We'll continue to be very prudent with our capital allocation. We have the expectation that interest costs will rise year-over-year in the environment we are in. And we're going to continue to monitor all the variables. Listen, at the end of the day, I expect a year that will look similar fundamentally to 2026, but there are going to be some things that happen in '26 that may not repeat itself, and there may be some new things in 2027 that we will have to deal with. So it will be somewhere in the ballpark, and we expect to continue to invest in growth in the company.

Manav Gupta

Thank you so much. You've been very generous with your time. I'll turn it over and congrats on a great quarter.

Operator

Your next question is from the line of Andrew Strelzik of BMO Capital Markets. Your line is open. Please go ahead.

Andrew Strelzik

Hey good morning, thanks for taking the questions. My first one, building on your answer about '27, you said that the setup broadly looks like the back half of '26. But we've been hearing from some investors that the board crush margins, while off the highs, continuing to come in that maybe we're past the peak of the cycle in crush or the cycle is over. So it would be great to get kind of your perspective on what's going on with U.S. board crush recently and where you think we are in the cycle kind of given your comments on '27.

Juan R. Luciano

Yes, Andrew, listen, if you think about the macro, and I think that in the micro things are going to be moving. In the macro, we still have a strong RVOs. We still have a strong biofuels policy. I don't think the industry is producing to the level that we need yet to match the RVOs. So we continue to see strong soybean oil demand for the business, and we continue to see strong soybean meal demand. So at this point in time, with the normal gyrations, you may have, yes, maybe crush margin peaking in Q3 or they were very high in Q3. We are not seeing a collapse or any of these. On the contrary, we see very strong margins still in Q4, and we still see it going forward into 2027. So that's how we're viewing it.

Andrew Strelzik

Okay. Okay. That's helpful. And maybe I could also ask about some of your Nutrition comments and some of the headwinds that you called out for the quarter. I guess I'm just trying to wrap my arms around how much of those continue in the fourth quarter? It sounds like some. And then should we expect that to linger into '27 or not? And maybe any other color on the Nutrition outlook on an underlying basis would be helpful.

Juan R. Luciano

Sure. Listen, Nutrition is going to have a very good year in 2026 versus 2025. And we expect growth in 2027 versus 2026. When you correct for an insurance recovery that we have in Q3 last year, Nutrition overall grew 13% this quarter versus last year. So I think it continues to be a strong business driven mostly by Flavors and by the recovery in Animal Nutrition. We have an upset in one plant. We have identified what it is. We are fixing it. I don't want to disclose it for competitive reasons, but that's, I would say, under control. So nothing that should linger significantly into our P&L.

So all in all, we feel very good about the Nutrition business. Flavors continued to do well. We continue to do well around the world. I would say, if you look at Q3, we had a spectacular performance in Europe and Middle East. Asia continues to win customers for us. So no, I think with exception of relatively smaller P&Ls like wholesome products that are ancient grains, seeds and things like that. I think nothing has changed versus what we said last quarter.

Andrew Strelzik

Okay, great. Thank you very much.

Operator

Your next question is from the line of Ben Theurer of Barclays. Your line is open. Please go ahead.

Benjamin Theurer

Good morning, Juan, Jeff, Monish. Thanks for taking my question. Congrats on another good quarter here. So I wanted to kind of like pick your brain on two quick things. So first of all, as we look into some of the trade flows and your expectations into the fourth quarter, you said 4Q usually tends to be the good one on Ag Services. So -- but how should we think about just the current situation and the backdrop in terms of the merchandising piece and the Ag Services piece as we look into the upcoming distribution of harvest from North America? And what's your setup here? So that would be the first one.

And then I have a quick follow-up on CapEx for Monish.

Juan R. Luciano

Yes. Listen, our Ag Services business had actually a good quarter in North America and South America. We had some issues around the world with, of course, the issues that we have in Ukraine. We had to revalue some of our inventories there due to our inability to ship some of that. But I would say, in general, although maybe the corn crop -- the corn global production will be a little bit lower and maybe the wheat production will be a little bit lower. I would say there are no issues around the world. There are -- on a global basis, there are pockets in which dislocations happen, and that's where our assets and our team shine.

So there are many of them. If you think about probably the North Americas, and I go to your comment about Q4 and Ag Services, we still expect soybeans to go to China. We still expect probably corn having to go to Europe. Corn has been exported also to all the neighboring countries, and Mexico was a big taker and it continues to be. Europe has a very low corn crop on top of a very low corn crop last year. And of course, Ukraine is shut down for meaningful exports at the moment. So we expect some of that product will flow. So nothing significantly strange that we cannot handle. And we are adjusting every quarter, I will say, every month, our trade flows around the world, but nothing that we see that will not fit our assets or our abilities to supply right now.

Benjamin Theurer

Okay. Perfect. Thanks for that, Juan. And then just on CapEx outlook real quick, Monish, if you could talk about what's behind the idea of lowering a little bit of a CapEx. Is that just delaying? Or is that certain projects that have been revised? So just to understand how -- what the setup is in terms of CapEx for the remainder of this year being now at a slightly lower number, how we should then think basically about 2027? What's your thought in terms of CapEx for next year?

Monish Patolawala

Yes, Ben. And I go back to the whole discussion we have had a few times on capital efficiency, capital allocation efficiency. And we've said it many times. We are looking at CapEx very carefully, making sure that we are spending money on projects that give us the best return, and we'll prioritize those projects. For example, Ben, you saw last quarter, we announced that we were going to do debottlenecking in our facilities in North America and in our soy facilities because that gives us very good return. So I would just say this is all a part of that process where we're being very focused, making sure that we're getting the best return. So, I wouldn't read much into this at all. And we'll continue being very prudent in where we invest capital so that we get the best return.

As regards 2027 and beyond, as Juan said last quarter too, right now, when we were coming into Q2, we were in that $1.3 billion to the $1.5 billion range. We said in some years, we'll be higher and some years, we'll be lower. But generally, based on everything that we see, the opportunities we have on debottlenecking, the opportunities we have on growth, it will land where we land based on what our priorities are and as we see these growth projects come to life. So again, I would not read much into the fourth quarter down. It's just, I would say, good execution by the team to make sure we're being efficient.

Juan R. Luciano

And sometimes, Ben, what happened is what we're trying is to match the teams that needs to execute. Sometimes a team needs to fix something or debottleneck something and there was an automation project. We cannot do both with the same team at the same time. So sometimes it's sequencing and staggering of projects that make this change. But you need to think about is something between $1.2 billion and $1.5 billion in our future to develop our program and to execute our growth plans, and that will be where you should forecast.

Benjamin Theurer

Perfect. Juan, Monish, thank you very much.

Operator

Your next question is from the line of Heather Jones of Heather Jones Research. Your line is open. Please go ahead.

Heather Jones

Good morning. Thanks for the questions and congratulations on the quarter. My first question, I was wondering if you could put a bit of a finer point on the '27 versus '26 comments. You mentioned similar fundamentals to second half '26. So should we take from that, that you would expect full year '27 to be better than '26 given a lot of the biofuel policy around the world wasn't implemented until almost midyear '26?

Juan R. Luciano

Heather, again, first of all, let me say the following because I think I need to reflect properly what's happening in the company. There is still enough volatility in this environment that we cannot take our eyes off the road. So we are focusing on making sure we deliver 2026, and we transition with a lot of momentum into 2027. When we look at the overall '27, what I'm saying is like it should be a little bit of a continuation of what we are seeing right now. We don't have the wisdom of forecast a big discontinuity in the conditions. We are under RVOs. We have multiyear policies in places like Brazil for biofuels. We have a good demand around the world for ethanol in terms of exports, about 2.4 billion gallons that tightened the market for that. And we expect another year of growth in Nutrition.

So -- of course, there are things that we took advantage of in 2026 that we don't know how to forecast those for 2027. And there are going to be things that will show up in 2027 that will give us opportunities that at this point in time, we cannot imagine what they are. So we continue to position our assets to be the right way. We position our capital to have the capacity to produce this. You see record production in crush in South America, in Brazil for us. We are continuing to increase crush and corn grind in North America. So all we can do is to prepare for that, but the overall macro continues to be constructive for us. So it's somewhere in the range of what '26 was plus/minus a little bit depending on the condition.

Monish Patolawala

I would also say, Heather, Juan said this in Manav's question earlier, too, continuing to invest in our company for the long run. We've got some exciting growth pathways here that we will decide how much we invest. We've got data and analytics. So that's one thing Jeff also brings to the company is a lot of AI and how to use data. And then, of course, based on the interest rate environment, we could see interest rates higher, but again, it will depend on the environment that we are in. So I think overall, I'm reiterating

what Juan said, the macro conditions seem very similar and constructive, and we'll also decide how much we invest based on the macro conditions. And you've seen, Heather, we've been very thoughtful in our investments, whether it's on CapEx, whether it's on spending, to make sure that we are doing it and making sure we're creating value for the long run.

Heather Jones

Okay. Thank you for that. And then just going to your updated 45Z guidance. I don't know if I'm thinking about it the right way or doing math correctly. But just looking at the trajectory of your guidance raises across the year, it would seem like your guidance is now implying $100 million to $125 million-ish per quarter run rate. Am I thinking about that correctly?

Monish Patolawala

So I would say, Heather, there are multiple factors that go into when we give you the 45Z policy benefits, we're giving you the net benefit. The net benefit is made up of what is the base ethanol pricing going to look like? What is prevailing wages, what's the CI score? And also what's the depreciation of these assets. So sitting as of right now, we are at $350 million. The team has done a wonderful job at expanding the program, lowering the CI score, et cetera. You will always have ups and downs in the quarter depending on how much CO2 you end up capturing and how some of these other factors play itself out. But currently, for the year, that's how we see ourselves that is approximately $350 million. And you've seen as the team has gained confidence in the year, we have been able to raise guidance, and I give full credit to the team for doing what they've done.

Heather Jones

Okay. Thank you so much.

Operator

Your next question from the line of Steven Haynes of Morgan Stanley. Your line is open. Please go ahead.

Steven Haynes

Maybe on a similar line, I know it's not 45Z, but you all had a press release out recently on the voluntary carbon initiative at Columbus. I was wondering if you could maybe talk a bit more about that and how we should think about maybe the financial impact going into next year. I don't think it's going to be much of a benefit of anything this year. But how do you think about that going forward? And how do those credits get shared with your partner?

Juan R. Luciano

Yes. So yes, we announced plans to enter the voluntary carbon removal market through our operations in Columbus, Nebraska, corn processing complex. So the facility has the capacity to capture and permanently store more than 800,000 tons per year of biogenic CO2, which is actually what we believe to be one of the largest carbon removal credit offerings of its kind. So the team at the moment is working through certification and verification process and expect initial credit issuance probably by year-end here in 2026. So this, of course, builds on our capabilities that we have developed over many years in carbon capture and sequestration. And it's another nice way in which we expand our ability to create value with things that don't require any capital, if you will, and supporting

growing customer demand for durable carbon removal solutions.

Of course, in terms of your financial impact question, this is a nascent market. So we are watching how market conditions develop, a little bit how we approach the market for 45Z. So -- but we believe that regardless of that, participation in the market positions ADM to benefit from growing interest in high-quality carbon removals. So at this point in time, I'm going to be shy on putting a number out there for 2027 until we see how this, again, nascent market develops. But we're excited about it. We continue to look at -- to show the creativity and initiative of our team to make more money out of existing technologies and assets for ADM.

Steven Haynes

Okay. Thank you.

Operator

Your next question is from the line of Tom Palmer of JPMorgan. Your line is open. Please go ahead.

Thomas Palmer

Good morning, thanks for the question. I know you've addressed some of this in terms of 4Q expectations, but I did just want to clarify something. The annual EPS guidance implies that 4Q is lower relative to 3Q. When thinking about the step-down, I wanted to make sure I understood like mechanical items that kind of move between 3Q and 4Q versus more operational items? Because I guess, one, was there any sort of true-up just with that big step-up in the 45Z that maybe saw a disproportionate capture in 3Q? And then any sizing of what the insurance release was? And then I guess with those two items, like when we just look at underlying operations, what are the big moving parts when we look at the results in 3Q versus the results in 4Q, if there are any?

Monish Patolawala

Sure. I'll try, Tom, because there's a lot in this that you asked. So I'll try to make sure I answer it the best I can. And if not, my team will be happy to take a follow-on. So I'll just first start recapping Q3. When you think about what the company delivered, $1.77, where EPS was up 92%. When you look at the underlying factors, we had a constructive biofuels market. We had good execution in ethanol and the policy benefits. We had good commercial and operational execution by the team, and we had good growth in Flavors, offset by some of the issues that we had in one of our plants with unplanned downtime in Nutrition, and you saw Animal Nutrition doing well. So overall, the setup and the execution was very good in Q3.

So I'll first start with that basis that in Q4, if you just take the implied for Q4 based on a year-to-date of $4.32, which is up 69% at the high end of the range, which would be $1.47, at the low end of the range, it would be $1.17, we would be up either 35% at the low end of the range or 70% at the high end of the range, give or take. So that itself tells you that we continue good execution, number one. The constructive markets that we told you in Q3 will remain in Q4. There will always be ups and downs depending on market conditions, but that in general, will remain. Third, Ag Services, especially North America, always has the higher fourth quarter, and you should see that sequentially, 3Q to 4Q should be higher. But we also have industry seasonal lows, whether it's ethanol or Flavors. So you need to factor that in when you're doing a sequential 3Q to 4Q. So that's one that you have to factor in.

45Z or net 45Z, depending on how much carbon we can capture, could be a little lower than we did in Q3 because we expanded the program in Q3. So we should see a little bit lower in Q4. And then when you look at Nutrition, as Juan mentioned before, we continue to see the strength in Flavors, but it's our seasonal low. So it will be lower sequentially, but still good on a year-over-year basis. Animal Nutrition continues. We have the ramp-up of our plant that was shut down -- that faced unplanned downtime in Q3. We expect that ramp that will come back in Q4. It's not all going to come back day 1, which is October 1. So you have a little bit of a ramp there.

Majority of the mark-to-market that we got in -- that is on our balance sheet in Q3 will come back in Q4. The balance will come out in 2027. Just for Q3, when you think about our mark-to-market, which came in at $35 million, that is lower benefit than we thought coming in because of the new mark-to-market that we achieved in Q3. But we have told you that we don't know how to project it, nor do we project it. And it's the same thing in Q4 that we do not predict new mark-to-market. So depending on what prices become on 31st December, you could have a plus or minus there.

And then in addition to that, you asked me a question on other, which was insurance. So we released approximately $40 million to $50 million of benefits, which is a one-time benefit with some of our reserves in our captive that do not reverse in Q4.

So I think I've answered most of your questions. Underlying in our assumption also that China continues to buy. As Juan said, we'll have to see how much they end up buying. So that's something we'll have to work through. But overall, I would just say it's a strong market, constructive market, good execution. The fundamentals haven't changed. There will always be puts and takes depending on how the market behaves. But as Juan mentioned, our team is agile. They know how to take advantage of these situations, and they will.

Thomas Palmer

Thank you for such a thorough answer, I appreciate it. I'll pass it on.

Operator

Your next question from the line of Matthew Blair of TPH. Your line is open. Please go ahead.

Matthew Blair

Thanks, and good morning, and congrats Juan on the good quarter. I wanted to talk more about the precision fermentation opportunity on Slide 6 here. It does sound pretty interesting and exciting and it does seem that ADM is well positioned. Are you ready to talk about a few additional metrics with this opportunity? For example, what do you think is the total addressable market here? What could spending for ADM look like on this project? What kind of timing? And then down the road, is it your expectation that as you invest in more downstream applications that ADM's trading multiple would improve as a result?

Juan R. Luciano

Yes. Thank you, Matthew, for the question. Of course, we are excited about the future of precision fermentation. We fundamentally believe that biology is going to play a big role in the future of food. And of course, we are a company dedicated to food and feeding the world. As we get to that future, that may be a little bit longer term or medium term, we want to make sure we derisk it for investors. And then what we're doing is we are basing

our initial steps on taking advantage of some of ADM strengths. One is we have fermentation capacity. Second is we have an integration of all our sites and customers and the supply chain. And third, we have a lot of available feed for our strengths.

So we're basing on that. And what we're doing is we're getting some sponsoring customers and applications to make sure that everything that we build, if we need to build, like finishing trains or finishing units, that is supported by customer demand that we have. So those are the examples that I mentioned before, whether it's egg replacement or whether it's lamb meat replacement for pet food or whether it's whey protein. We still see the desire to have protein and consistent protein around the world, but we also see the desire to have high-quality tailored products that don't depend on weather, products that don't are affected by plague. And I think that we see a future in which we can tailor-make some of these molecules.

So again, I think that today, this opportunity is a cost. We are investing in it. Over the next 2 or 3 years, it will become profitable. And then probably between year 5 and year 10, it will become meaningful, hopefully, for ADM. And that's the planning horizon we have for precision fermentation.

Matthew Blair

Sounds good. And then could you just expand a little bit more on the strong results in Carb Solutions. So generally, ethanol industry indicators were down quarter-over-quarter versus Q2. Some of your peers in ethanol were down as well. S&S was flat, VCP was up quite a bit. So just to make sure we understand here, this is basically a 45Z true-up. So recorded much higher 45Z in Q3 versus Q2? Or were there any other like timing or hedging or mark-to-market factors that also helped out? Thank you.

Monish Patolawala

Yes. I think, Matthew, I can't comment on our competitors. I would just say when you think about our ethanol business in total between both our wet mill and dry mill, the team did good execution. We're able to capture the prices, good risk management. And then, of course, we expanded the program in 45Z that we have told you about. So all that put together helped us get a very strong quarter in carbs. It was offset partially by softness in liquid sweeteners that we have seen all year long. We have seen it last year, too. Starches were pretty stable. Wheat volumes were stable, but they were offset a little bit by pricing because in a competitive environment. And I think I've covered all of that.

So yes, overall, I would say Chris Cuddy and team did a good job of executing in ethanol and continuing to fight the market conditions in certain products that we have in the food sector.

Matthew Blair

Great, thanks for your comments.

Operator

Your next question is from the line of Pooran Sharma of Stephens. Your line is open. Please go ahead.

Pooran Sharma

Hey, good morning and thanks for the question here. Wanted to maybe focus on the sweeteners business as a lot of the other businesses were well covered. And we're in

contracting season. I just wanted to see if you can give us a sense of how negotiations are progressing. We've kind of been hearing that negotiations are getting dragged out and that there's volatility has just been creating some noise. But any kind of color on contract negotiations for the corn sweetener market would be helpful.

Juan R. Luciano

Yes. As you said, we are currently in contracting season. So it's a little bit early to draw conclusions. Negotiations are ongoing. We're probably going to have a better view the next time we talk. One thing, Pooran, that I always remind people in these calls, when I came to the company, there was this famous cliff in which all the contracts were negotiated at the same time. And then over the last 5 to 10 years, the team did a good job of creating a basket of contracts in which we don't have those cliffs. So to a certain degree, we're always in negotiating season, and we have a very close relationship with all our customers. We understand their logistics, and we understand their needs, and that's where we're going.

So I would say not a lot of clarity or details that I can bring right now, respecting that we are in the middle of some of those negotiations. I would say on the positive side, or a different side, the business has done a good job of continuing with the fight for the grind. We see BioSolutions applications are up, starches being stabilized. So that gives some relief to our sweeteners and starches markets that we have seen some of the volumes being down.

Pooran Sharma

Great. I appreciate the color there, Juan. Just on my follow-up, and I realize it's still early, but just with the midterms in mind, and the potential for a shift in the political backdrop, how are you thinking about Set 3 and the current -- and the durability of the current biofuel policy framework beyond '27? Are there any concerns about a potential pullback in blending obligations? And does that uncertainty factor into your longer-term investment decisions?

Juan R. Luciano

Listen, my experience, I've been here as CEO through 4 administrations, if you will. So my experience is there is a reality behind the policies. And I think all the administrations tend to reflect that. There is a need for higher biofuels. There is a need for supporting demand for agriculture. So I don't expect a fundamental shift. I think that the more administrations bring clarity to market through 100% reallocation of SREs or the more they can bring perspective for long term like Set 3, the more they incentivize production and investments over time.

So we're always going to work closely with any administration to favor the U.S. to favor the farmers in the U.S., but also to favor the world. And the world right now needs more energy, and we see the crisis that we have in refinery products and bringing biofuels, it's not only here in the U.S. We're bringing it in the U.S., they are being brought in Vietnam. They're being brought in India. They're being brought in Indonesia. They've been brought in Brazil. So I think that this is more than a trend by an administration. It's more a trend of what we need as a society, and ADM will play their role in complying with that.

Pooran Sharma

Great, thank you for the color.

Juan R. Luciano

You’re welcome, Pooran.

Operator

There are no further questions at this time. I will now turn the call back to Ms. Kate Walsh for closing.

Kate Walsh

Thank you all for joining the call today. We appreciate your continued interest and support of ADM and wish you a great rest of your day. Goodbye.

Operator

This concludes today's call. Thank you for attending. You may now disconnect.