THOMSON REUTERS STREETEVENTS

EDITED TRANSCRIPT

ADM - Archer Daniels Midland Co at BMO Capital Markets Farm to Market Conference

EVENT DATE/TIME: MAY 19, 2016 / 4:50PM GMT

©2016 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.



THOMSON REUTERS

CORPORATE PARTICIPANTS

Juan Luciano *Archer Daniels Midland Company - President, CEO*

Vince Macciocchi *Archer Daniels Midland Company - SVP, President, WFSI*

CONFERENCE CALL PARTICIPANTS

Ken Zaslow *BMO Capital Markets - Analyst*

PRESENTATION

Ken Zaslow *- BMO Capital Markets - Analyst*

Good afternoon, Juan, Vince, and Mark. Before we kick off the fireside chat, I want to introduce you to the audience. We have ADM's Chairman and CEO, Juan Luciano, with us today. He's been the chief architect in effectively changing ADM's identity in terms of capital allocation, efficiency, culture, and product mix. The key ingredient to shifting ADM's product mix to more value-add was the addition of WILD Flavors in 2014. To that end, we have Senior Vice President of ADM and President of WILD Flavors and Specialty Ingredients, Vince Macciocchi. Last but not least we have VP of Investor Relations, Mark Schweitzer, who is instrumental in translating just about everything to us about ADM. With that, I'll let Juan open up with a few introductory comments just to set the stage, if that's okay.

Juan Luciano *- Archer Daniels Midland Company - President, CEO*

Thank you, Ken. And good afternoon, everybody. Thank you for inviting me again. I think I've been a feature here since I joined ADM, every year. So, always a pleasure.

Maybe I start by talking a little bit about our value creation framework. Our value creation plan in ADM stands on three legs. One is about portfolio management and making sure that we continue to move the portfolio of ADM, to make it relevant. ADM is 114 year old company. And we need to continue to adapt and to make it relevant to customers. So, we've done a lot in that area.

The second thing in the value creation is operational efficiencies and not just cutting costs or relying on your scale to being low cost. It's about applying technology and process development. We've been doing a lot of that in order to improve our cost position.

So, the third point is what we call expand strategically which is basically make selective investments in a couple of areas. One is to balance our geographical footprint and the second, as Ken described before, is to go into higher margin growth like what we've done in food ingredients and we're going to do other categories like that as we go forward.

All these three activities, three initiatives, if you will, with the objectives of improving ROIC, improving returns in the company, and over time reduce the volatility of earnings, we're doing that while maintaining a balanced capital allocation. We define that -- and that's a very important part of our strategy going forward which is we look at the strategy and the funds required to implement the strategy, we basically need about between 30% and 40% of our cash flow to be reinvested into the business, to execute this strategy, leaving about 60% to 70% return to shareholders or if there is a major M&A opportunity out there.

So, with that maybe I pause a second and I share with you a little bit of the progress we made in these areas during 2015 or the period '14 to '16 because we've been very busy in implementing these strategies. So, I have only three slides, which I understand this is a chart, but sometimes a visual makes for a lot of words.

The first thing that we did as I talk about portfolio is that during these couple of years we did the most significant portfolio transformation in the history of the company basically, shedding significant businesses like the cocoa, the chocolate business, the fertilizer business, the lactic acid business, the Brazilian sugar cane - ethanol business. And we redeployed those funds to buy companies much more in the space of value added

©2016 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

THOMSON REUTERS

products, not only in food but also in the ingredient space as well as complementing some our geographic participations. So, we were very active, as you can see there, over the last couple of years and we will continue to do things as we see fit.

The other thing that we did, as part of this, if you can click again, is as part of this acquisition for the first time in 114 years, we have moved over the past two or three years, ADM into the ingredient space. Not any ingredients, ingredients only in the sense that they are based on our processing and our origination and they are based on the same customer base that we've been serving for many, many years. And this is something that the customer needs as they are consumers of all their needs.

And you can see here, we have one of the most -- one of the broadest portfolios that there are in the industry, any dimension of nutrition, function, texture, and taste, and you can see it goes from initial ingredients like specialty ingredients that are very much associated to our soybean processing, all the way on the bottom right to specialty blends or solutions. And that's the whole idea. The whole idea is to build a portfolio that allows us to create unique solutions for the customers and that has been very powerful and I think my friend here, Vince, will explain later on.

The third point I wanted to mention, when we think about expanding strategically, we've been investing heavily in the business. Over the last two years, as you can see here, between geographic expansions and expansions into some of the specialty products, we have built I don't know how may dots are there, but 12, 13 dots around the globe and these are growth initiatives that we have funded over the last years.

As you can see, most of them are outside the US, continuing with the globalization of ADM. And perhaps where we are most proud of this is that we financed all these last year while returning $2.7 billion to shareholders. And that's a big effort because all these plans, they are commission and they come in a stream. They have all the fixed costs already and they don't generate any revenue. So, we expect all these plans to start hitting the P&L later in '16, '17, and '18. but we think that we have created a lot of earnings power to be demonstrated over the next couple of years.

So, again, I just wanted to touch briefly on some of the progress we've done in the strategy before you get us into the Q&A. Thank you for the time.

QUESTIONS AND ANSWERS

Ken Zaslow - *BMO Capital Markets - Analyst*

That's great. I want to start off with a few open-ended questions. Over the last five years at ADM, can you just talk about what you've actually learned in terms of the industry and ADM? What are the positives? What are the negatives? Your views probably changed pretty markedly over a five year period. You've got a lot more experience. Can you just talk about how you've changed your thinking?

Juan Luciano - *Archer Daniels Midland Company - President, CEO*

Yeah. Hopefully I've learned some. I always strive to. The first thing I learned when I came into the industry is I was surprised by the exceptional footprint and the exceptional assets and coverage that these companies have, whether it's ADM or it's some of our competitors and the low returns of that industry, when you compare it to the footprint and how difficult it is to reproduce this footprint if you will have to do it all over again. That was a pretty stark contrast with what I thought it should be and that's why the immediate focus was to think about returns over time.

I would say going into ADM, again it's a company that's been around for 114 years and you don't stay that long being relevant without DNA of a lot of adaptation and learning. So, the people are very good at that. And it's just a matter of maybe shifting the focus of what you're doing and I think what I found was a team very much focused on driving operating profits and with very little regard, if you will, or very little measure about how much capital getting that associated operating profit will actually entail.

So, we did a lot of things, not to change the culture because the culture is very much a culture of owners, if you will. So, they are very diligent about when they see a gap, when we see a gap, to try to fill that gap. It was just to change the scorecard to say what about EVA? What about ROIC? And in order to educate, if you will, all of the population of ADM in terms of thinking more about the capital costs associated to everything, we launch a couple of initiatives. Like we did the $1 billion challenge and all that which were nothing more than educational campaigns so everybody

©2016 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

THOMSON REUTERS

understood that look at the portfolio, looking at the payment terms, looking at the cash sitting around there, looking at the capital intensity of our business was important to us.

So, I think we have achieved a lot in that regard. You're never completely satisfied but I think we move from the operational discussions to much more thinking about the portfolio of the business, much more strategically. I think historically you would inherit the business and you were supposed to run it. Now we're being much more critical about not only how we run the business but also should we keep that business in the portfolio or is that -- is the capital intensity of that business where it should be?

I think the other thing I will say is because of the cyclical nature of our industry where you have a harvest and sometimes you are high utilization for four, five months of the year, I think that we need a more concerted effort to flex our assets more. We have a beautiful asset footprint but the assets could be flexed a little bit more and we're working on ways to do that, to also increase the returns on that.

Ken Zaslow - *BMO Capital Markets - Analyst*

What do you mean by that? What do you mean by flexing?

Juan Luciano - *Archer Daniels Midland Company - President, CEO*

I don't know. If a port is $200 million and we own 50 ports, the ports are very busy during the harvest but maybe five months of the year. So, if you look at the average capacity utilization of a port, maybe 55% or 60%. That's a lot of capital that's not being used. So, then we're looking much more at -- sometimes we were looking at things like a cost center, if you will.

You're in grain. You have a port. You use it when it's convenient to you. Now we're looking at much more and saying -- Okay, if you have a business that is composed of 50 ports, what will you do? How can you -- with still giving priority to your grain business, how do you get more utilization from that? And we're doing that in storages, we're doing that in many, many aspects of our businesses, not just ports.

Ken Zaslow - *BMO Capital Markets - Analyst*

Does that require a change in behavior? Is the shift in return on invested capital and EVA enough or does there need to be another level of change to make sure people cooperate across the company?

Juan Luciano - *Archer Daniels Midland Company - President, CEO*

It's not a matter of cooperation of the people. People have strong collaboration. Sometimes it a matter of knowledge. Let's go to an example on ports. Maybe in a certain port you can put liquid storage for chemicals or something. We don't know what to do there so our people have maximized the opportunity and given the knowledge, we may need a partner to do something like that. So, it's not a matter of people being resistant to the change. Sometimes it's just a matter of our own knowledge domain and do we know about that? So, we're exploring that and that's why sometimes it takes a little bit longer because you try to get into those things.

Ken Zaslow - *BMO Capital Markets - Analyst*

Over the last year ADM reduced its base earning by $0.60 to $0.70 from several headwinds. And I want to frame that because there's several questions that kind of link to that. First, as you review ADM's model, do you expect the $0.60 to $0.70 to be a permanent erosion to your base or is it cyclical? And second, do you believe there are factors around the world that are structurally changing the earnings potential of your base? Either negative or positive?

©2016 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

THOMSON REUTERS

Juan Luciano - *Archer Daniels Midland Company - President, CEO*

So, last year we were looking at this scenario and we thought that what we called the headwinds were going to extend into the second half of last year and probably extend into first half of this year which they have so far. We do believe at this point in time that this is more a temporary thing, if you will, but it is my responsibility to continue to drill down and making sure to understand how many of these things may be more permanent.

When you run a big company like ADM that has so many businesses, to be honest, everything is in flux. You never have quite a base that is fixed and nothing impacts it. So, we have streams of profitability that goes up and down over time but I would say in general we are very confident that this is something that's going to come back to us. I would say if you think about the different businesses, we are today, versus the last time you heard me talking, which was at the earnings call, a little bit more optimistic that maybe we were three or four weeks ago with some of the potential improvement we may see in the second half.

We think that still Q2 will be a transition quarter, a tough quarter because some of these things, like if you have an improvement in crush margins and you have a negative mark to market impact in the immediate quarter. So, some of those impacts may be significant in Q2. So, we're not going to see a lot of Q2 greatness yet. But we think that certain businesses, Q3, Q4 are starting to feel a little bit better to us than maybe it was feeling two or three weeks ago.

Ken Zaslow - *BMO Capital Markets - Analyst*

Why? What changed?

Juan Luciano - *Archer Daniels Midland Company - President, CEO*

So, let's take for example, if you think about ethanol. I think the industry with the combination of planned shutdowns because of maintenance in preparation for the driving season and some active capacity management, if you will, the industry is getting some momentum in reducing the inventory in preparation for the high driving season. And I say some momentum because inventories still are about 3.5% higher than last year.

So, they're still not in an optimum position but certainly we have started a trend and we are not building any more. We are coming down. So, we see with optimism that it's not going to happen in Q2 but we see probably by the end of the summer, maybe margins will become a little more respectable in ethanol. So, they're still tough. They're still tough, second quarter. But we see with a little bit more optimism as we face into the driving season.

The other things that have happened have been more related to weather if you will Ken. If you look at Argentina, I was in Argentina April 4 to meet with the President and since April 4 it didn't stop raining until maybe April 26 or something like that. Certainly not only that created a big issue with [my mother] which is a big soy producer, but with every soy producer there because you basically lost give or take maybe 4 million tons of soybeans. When you think about Brazil and Paraguay, they probably lost another 1 million each.

So, they probably overall they lost maybe 6 million tons of soybeans and some of the soybeans you have, quality is so-so. Sometimes you cannot match export specs with that, sometimes you need to blend it. So, what happened is when you take those 6 million tons of less supply that you have and you remember that you have a growth of near globally of about 10 million tons, then all of a sudden you have a 16 million ton gap. And that brought us basically the crush margins in the US and we think that's going to continue the rest of the year. So, it's going to bode very well for our business in Q3 and Q4.

On the other hand on the ag services side, Brazil has been dry, the Mato Grosso area, and several areas where Brazilians plants the crops, Safrinha the small crop that they call it, and the numbers -- you can pick your favorite number but the numbers are something in the range of -- I don't know -- 5, 6, 7 million tons, whatever it is, the shortage of corn crop and also the Brazilians have exported a lot of soybeans early on in the process and the pipeline is running kind of dry and then Argentina won't be able to export that much. So, we believe that the US, those exports will come to the US, maybe by August or earlier maybe than we anticipated.

©2016 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

THOMSON REUTERS

If we had been sitting here in November when the government of Argentina took power, we would have been thinking about the window of Argentina exports being much longer this year and now we're talking about crush margins much better than we anticipated in November and certainly the opportunity for us to be able to be competitive in the US in Ag services much sooner than that. So, if you look at all those things, I still see Q2 not fun, Q3, Q4 I'm more optimistic than I was before.

Ken Zaslow - *BMO Capital Markets - Analyst*

Vince, I don't want to make you feel -- I want to make sure we get to WFSI. In the past you've spoken about WFSI has the ability to use its global footprint and broad portfolio to create complete systems for customers. Would you take us through an example or a product of some sort of success? And how has it changed the relationship? I'm trying to see how that actually evolves. And does that lead to other business? Just take us through, if you have an example.

Vince Macciocchi - *Archer Daniels Midland Company - SVP, President, WFSI*

Sure. We have many examples as we've done full turnkey systems for our customers and oftentimes we started with small entrepreneurs that didn't have their own product development organization and we would be in the board room with them at the ideation stage, talk about consumer concepts, and really we would do the product development, we would commercialize in a pilot environment and scale it up to a full-scale manufacturing environment and then send a concentrated system, a combination of ingredients, flavor, color, sweetener, taste modification, protein, some combination thereof, send it in the concentrated format to either the customer manufacturing or packaging environment and they essentially have an outsourced innovation or a full turnkey solution.

So, what we've seen, that was really kind of the genesis of the system was that small entrepreneur. And it's gone to the mid-tier guys and now what we're seeing with the pressures on cost and the pressures on resources that the CPG multinationals and their adaptation of evolving from single ingredient buyer to -- hey, we still want to buy some single ingredients and we can happily do that but teach us how to put them into combination and help us cut our supplier base for the ingredients you sell from ten down to one or two and look at things a little bit differently. When we think about innovation in our portfolio and our capabilities, innovation takes on many forms and so that would be an example of outsourced innovation and taking somebody from concept to market in about 20 weeks and doing full turnkey product development and giving them a solution.

Ken Zaslow - *BMO Capital Markets - Analyst*

When you think about WFSI, how do you envision it looking in five years? I know that -- if you could talk in that context, can you talk about where your competitive advantage is in nutrition, function, texture, and taste? How big will that be in five years and where will the composition within the portfolio be among those four or five key ingredients?

Vince Macciocchi - *Archer Daniels Midland Company - SVP, President, WFSI*

Maybe I'll start, you mentioned nutrition, function, texture, and taste. And in the competitive landscape and inside of our own portfolio. People can give you pieces of those. As I just referenced in the example I gave, we can give you all of those. But I think what's really important and it really led to the acquisition of WILD is the fact that ADM had the function, ADM had the nutrition, ADM had the texture. Many people had those.

The key in bringing WILD on board was the taste component and then taking the other three components, blending them together, balancing a profile that actually tasted good. So, when we get to the consumer and our value proposition, food and beverages still have to taste good. As to where we'll be in five years, I think you'll see a division that's continuing to grow, it's flourishing really based upon the breadth and depth of the portfolio, the breadth and depth of the technical capabilities, and you'll have seen us have success, kind of in three areas I would say. First and foremost, it's organic growth, further expansion of our customer base, delivering on that portfolio and those technical capabilities I referenced. Synergy delivery.

©2016 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

THOMSON REUTERS

So, you heard us make some pretty strong statements about cost synergies and revenue synergies. We're tracking ahead of pace. We will have fully delivered on those synergies during that time period and then lastly you've already seen evidence in smart bolt-on acquisitions to further enhance our portfolio, kind of in the area of maybe geography or technology. So, I think that model, organic growth, synergy delivery, smart bolt-on M&A, and repeat and repeat over the next five years will get us to a place where we're significant in the $50 billion landscape of ingredients and also significant from an operating profit perspective inside of ADM.

Ken Zaslow - *BMO Capital Markets - Analyst*

Juan, I'm going to turn back to you for a second. How confident are you -- we talked about the base, but I want to make sure I got the other side of it. How confident are you in driving the $1, $1.50 of earnings power improvement in the medium-term? Are there major milestones we should be watching for?

Juan Luciano - *Archer Daniels Midland Company - President, CEO*

Yeah. So, we are still confident in that. If you remember the four buckets, one was about delivering WILD, on the WILD acquisition. And I think it's important to -- that's kind of a check mark I give to ourselves because if you think about ADM being a traditional commodity company, if you will, I'm sure somebody had doubts out there and saying what this commodity company will do to a specialty company. And in the first year in which we owned WILD, WILD had all time record of profit.

So, we not only didn't break WILD, but we actually took WILD to the level of -- to the highest level of profitability ever for the company. So, to me that's an important consideration because the first year is the more noisier year, if you will. You have integration. You have people issues. You have people coming in and moving places. So, I think that was a very important thing and I think from now on, it's going to be easier. But the first year we achieved the $0.10 accretion there.

The second bucket is operational improvements and we feel very confident there. That bucket is supposed to be $0.10 each and we've been delivering on that. And we are in a good pace on that in 2016.

The third bucket is this bucket of all these projects and the ability of this project to add also $0.30 over time. And the good thing about these project is not every project will work exactly as planned. You have experience on this, know about it. But the good thing is that there are more than 14 or 15 projects so it's very balanced. We are not invested in one development that needs to happen. So, we feel confident that whether we're going to hit it exactly, $0.10 per year or whether it's going to be more tail end because some of these projects are still being executed on commission today, we feel strongly about that.

And the fourth one was about redeploying the cash, either in doing buybacks or growth or M&A or something like that which I think we will. So, I feel very strongly about that.

Ken Zaslow - *BMO Capital Markets - Analyst*

Is there a limit going into cost cutting? I know that was a tradition but is there a limit to the cost cutting opportunity? Are you going to start to think about the next generation of costs as these projects start to play out? Is there another generation to where you say -- Hey, look, we've done well, but there's still so much fat to still cut within our power? Or are we just going to go into a general virtual cycle where you keep doing a little bit? But is there anything more?

©2016 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

THOMSON REUTERS

Juan Luciano - *Archer Daniels Midland Company - President, CEO*

I wouldn't describe us as a layer of fat. We're not letting anybody go. That's not the way. We're trying to preserve balance in the short-term interventions if you will with keeping the long-term strategy valid. So, we're not letting people go. Actually, if anything ADM is too lean in that sense. We have 32,000 people which is not a lot.

What we're doing is we're introducing technology. And every day we're introducing different technologies. Sometimes it's to improve yield. Sometimes it's to reduce the number of warehouses that we have or the freight that we pay. There is software now that allows you to optimize your facilities in a much better way.

So, you have to think that way. So, in that sense it's a constant improvement, a constant -- we have a pipeline of about $1 billion opportunities that we track and we go and implement as we get the resources and the opportunities mature. But we constantly are adding categories to that so we're getting new suppliers, we're getting new software vendors, we get new producer of enzymes or things like that. So, we're constantly driving that. And sometimes we know how to do it. Sometimes we have an idea and we need some collaboration into that.

But I wouldn't describe it like we need to launch a new set of that. Whether they run out, it depends. Some of that is relating for example to chemical usage and sometimes it goes with the market. Sometimes we have headwinds or sometimes we have reduction in prices. Sometimes it goes with energy efficiency, the different -- if natural gas is $4 but the natural gas is lower in $1.90's or oil is $40 -- so, there are swings but I think what's important is that everybody in the company is committed to this. We have to think about our variable pay goes into operating profit and ROIC.

But there are three modifiers of that. One is related to achieving revenue growth from all those initiatives. That's one of the modifiers. The second is about operational improvements. So, everybody has one of each. And the third is about invested capital intensity in the business. So, the three, everybody in ADM has those three things. They need to continue to drive operational improvements, they need to drive revenue from the new projects, and they need to lighten up the capital intensity of their businesses.

So, I think we have aligned all the systems to drive that and it should be a continuous thing. A company like ADM will never run out of cost improvements. Not that we're fat. It's just that you cut the low-hanging fruit. The low-hanging fruit sometimes grow back again and you need to go at it and go at it and technology evolves and we get new tools to do things that before we thought they were impossible.

Ken Zaslow - *BMO Capital Markets - Analyst*

How do you think about the development in terms of global trade and farmers selling crops around the world over the next several years? There hasn't been any dislocation opportunities of late. You guys have put out Ag services operating profit of $850 to $950 million. Is that the correct range? Has the environment changed? How do you think about it? I'm not talking about tomorrow. I'm talking about, call it 12 to 24 months out.

Juan Luciano - *Archer Daniels Midland Company - President, CEO*

It's a very good question and we continue to look at -- there are so many issues that impact this and there are some issues that are short-term like FX. You know, the big devaluation of the Real in Argentina. Or China deciding to change the way they subsidize the farmers, instead of with pricing of corn, with direct subsidies.

So, we have this all the time. I would say we still feel that our ag services business is solid, whether it's exactly $850 to $950 million, we're still in the middle of looking at how much of that could be temporary and how much of that could be permanent. But the way we look at the business is the business continued to evolve. So, we're looking at continuing to expand geographically. And we've been in that process.

We're looking at continuing to expand destination marketing. I do believe that there is a layer of training, if you will, that is going to be difficult to replicate in the future. I think that if you think 50 years ago the ADMer and the farmer have barely any information. I think that gap has closed. I think if you think about today and the fact that we have plentiful crops, there is some of that due to technology. I think the seeds are better.

©2016 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

THOMSON REUTERS

I think that sometimes you get degradation. Sometimes you have precision agriculture sometimes you have better. So, I think that the

delta between a good crop and bad crop may be smaller as well. So, I think that some of that layer will be relatively easy trading in the past, maybe have been gone. And that's why we've been trying to do destination marketing, to just be able to capture more of that chain, more of that margin to offset some of the potential lack of dislocation. And I don't know, maybe we got the location. We just got the dislocation in South America right now. We're going to profit from. But we're not counting on those dislocations as part of -- we try to add one that we can control.

Ken Zaslow - *BMO Capital Markets - Analyst*

If I look at your portfolio in five years from now, how do you think your portfolio will look differently than it is today? I know you're thinking about acquisitions, you're thinking about divestitures. On the balance, in five years from now, what is your portfolio mix going to look like?

Juan Luciano - *Archer Daniels Midland Company - President, CEO*

We continue to drive enhancing returns and reducing the volatility. So, I imagine we're going to have another platform like we have food ingredients today. Within five years we're going to have another one. We're trying to get these value-added products, if you will, to be around 30% of our earnings. Today they are probably between 10% and 15%. So, we're going to grow organically here and we're going to develop other ones. We're not that -- we're not chasing any particular acquisition.

We all know M&A is not a strategy. We have a strategy. And we continue to try to grow organically. When we get to points in which we define whether buy is better than build, we do so and we tend to do so in bolt-ons, if you will. But at this point in time we're not thinking of any Hail Mary or mega-deal that would change things. We like to think what we're building and we continue to develop is this incredible value chain that goes like your conference, from the farm to the market.

And we have that ability. Whether you want to buy grain or you want to buy processed products or refined products or you want to buy ingredients or ingredient systems, we're one of the few companies that can give you this value chain which is very effectively run, very efficiently run, is very sustainable, but give you the traceability all the way to the farm for an ingredient. We know.

And then only that, but from a food safety perspective, we have the integrity of that supply chain that the grain we receive in our own elevators, we transport in our own transportation unit, we process in our own plants, we ship it in our own dedicated trucks. We have our own ocean going vessels, it gets discharged in our own port and then we package and we ship it in our own containers and all that.

To me, that is an awesome reliability of that supply chain. There's only one agent touching all that versus a lot of companies there is a combination of things and then when you have a problem it's very difficult to know who's responsible. We take responsibility for that supply chain. We think that's an awesome model and we think that creates value for our customers and creates value for our shareholders. So, we like that model.

Ken Zaslow - *BMO Capital Markets - Analyst*

I'll leave it on that plug for the conference. And I'll leave it there. Thank you.

Juan Luciano - *Archer Daniels Midland Company - President, CEO*

Thank you very much.

©2016 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

THOMSON REUTERS

DISCLAIMER

Thomson Reuters reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES THOMSON REUTERS OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2016, Thomson Reuters. All Rights Reserved.

©2016 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

THOMSON REUTERS