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EDITED TRANSCRIPT

ADM.N - Archer-Daniels-Midland Co at Stephens NASH Investment Conference (Virtual)

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Benjamin Shelton Bienvenu *Stephens Inc., Research Division - MD*

PRESENTATION

Benjamin Shelton Bienvenu - *Stephens Inc., Research Division - MD*

Okay. Thanks, everybody, for joining this morning. We'll go ahead and get started. I'm Ben Bienvenu. I cover the food and agri-business sector here at Stephens.

Archer-Daniels-Midland is here with us to talk about their business this morning. As many of you know, ADM is a leading global agribusiness company participating in numerous components of the value chain. I'm delighted to introduce from the team, Juan Luciano, Chief Executive Officer; Greg Morris, Head of Ag Services and Oilseeds; as well as Victoria de la Huerga; and Michael Cross from Investor Relations. Thank you all so much for being here. I appreciate your time this morning and I look forward to hearing about your business.

This will be a fireside chat format, and I'll be leading the Q&A session today. But for listeners, please feel free to submit questions if you like. I'd be happy to ask them on your behalf. But thank you to the team. Appreciate it. And I think let's go ahead and get started.

QUESTIONS AND ANSWERS

Benjamin Shelton Bienvenu - *Stephens Inc., Research Division - MD*

I think, Juan, Greg, maybe the best place to start is looking back a little bit before we move forward. You've been on what's been a transformational journey the last number of years. Where are you in the journey? What can we expect in the future as we look forward for ADM?

Juan Ricardo Luciano - *Archer-Daniels-Midland Company - Chairman, CEO & President*

Yes. Thank you, Ben, and thank you for -- to Stephens for having us. As you said, we've been in a transformational journey. I think, listen, you don't get to be 118-year-old company if you're not always adjusting and transforming. So to a certain degree, it's a continuous transformation for us as we try to adjust to consumer needs and different trends in the world in general.

So I think that we have a strategy that we are setting in 3 strong trends. One is food security. You know, we are adding 2 billion people every 30 years in the world. So we probably need to produce 50% more food over the next 30 years that we are producing today. So food security is the big one.

Health and wellness is the second with consumers, whether old and young, shifting to paying more attention to their health and to their well-being.

And the third one is sustainability. And as such, we look at -- we set up a strategy several years ago that have 3 main thrusts with the objective of driving returns. And one of those thrust was to look at the portfolio and to adjust the portfolio to those trends and to the ability of those businesses to provide a decent return for our shareholders.

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So we divested certain businesses, the noncore businesses, whether it was cocoa and chocolate and fertilizer and palm plantation, sugar plantations in Brazil and things like that. We also set up a strong business, a strong culture and discipline in terms of efficiencies. We started with operational excellence, but we looked at how to lighten up capital, how to improve procurement. And then it all morphed into our readiness program, which is a program to improve execution and improve every aspect of our company, all the way from efficiencies to customer relationships and pricing and marketing and innovation.

And the third aspect is what we call expand strategically. Early on, we expanded geographically. So now, for example, you have Europe that have the same value chain than North America, originally was just Ag Services and Oilseed, but now it has Carbohydrate Solutions. It has Nutrition. So we have expanded geographically, the same in Asia and same in South America.

And of course, we created our Nutrition division, which, in reality, has been with us since the acquisition of WILD Flavors, if you will, in October 2014. And of course, we acquired Neovia in early 2019. And it's a business that is growing very fast. As you know, we posted our fifth consecutive quarter with 20% growth quarter-over-quarter. So we're very pleased with that.

So in general, we feel very good. Every business has moved a little bit closer to the customer. That has helped us to spark a lot of innovation, a lot of rejuvenation of our product mix and applications within ADM. And I think that Greg can touch a little bit into what we're doing also in Oilseeds and Ag Services there.

So all in all, very pleased with this. But as I said before, we are not done. Sometimes people ask me, what percentage are you done on this? We are not. I mean we have created a mindset that we will continue to build a better company for our shareholders, and we are in that process. We're not going to stop.

Benjamin Shelton Bienvenu - *Stephens Inc., Research Division - MD*

Okay. Great. Well, I think it's -- we were just talking about this before the meeting. I think it's become abundantly clear in the last 4 months or so that we're in a different operating environment than we were certainly first half this year and the last several years. Can you help us think about the sustainability of your earnings over the coming years? You touched on Nutrition. That's a clear secular growth driver. But I think there are also some kind of structural demand drivers associated with this current cyclical inflection. So give us in terms of the sustainability of the earnings power.

Juan Ricardo Luciano - *Archer-Daniels-Midland Company - Chairman, CEO & President*

Yes. Listen, we think that -- so if you look at the different businesses in ADM, I think that we have a business that -- we have 3 different businesses in terms of their growth rates, if you will, their natural growth rates. We have a very strong business in Ag Services and Oilseeds that tends to grow about -- from an underlying growth, 3% to 4% per year. And you may go into periods some more acceleration over periods of slowdown depending on what happened with the different players around the world with the different conditions. But it's a very strong business that has a strong competitive advantage.

So you should add on top of that 3% to 4%, and normally, the business will grow. A little bit extra because we do a lot of things. And Greg is going to mention that we continue to advance that competitive advantage. Competitive advantage provided by a great footprint that we have, probably an unparallel footprint. We were reflecting before about our 800 facilities around the world. I think we've been blessed with all that footprint in ADM, and we continue to optimize and make better.

And I think with a lot of strong trends, as I said, not only just food security, but sustainability. And all these trends, I would say, were even emphasized more by the pandemic. I think that people went from -- I think Greg always said, from just-in-time inventory to more just-in-case inventory because all of a sudden, reliability of the supply chain, the ability of you to provide to make sure your ports continue to operate, your plants continue to operate through the pandemic became a little bit more acute. And I think for most countries around the world, food securities are the top of their strategic priorities. So the importance of our footprint has been enhanced.

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And then sustainability is another issue. There's a lot of people wanting to know where their grain or where their product is coming from and where it's being grown and in what conditions. And I think that our ability to be able to connect all the way from the farm and keep traceability of that material, all the way to the final product is something that differentiates ADM, and we are seeing that with customers. So that's a very strong business.

Then we have a business that has less of a natural growth, like maybe the Carbohydrate Solutions business. But it's a business that is very heavy in efficiencies. It's a business that operates very, very well. They are also very good at risk management.

And there is a business that is getting an influx of new opportunities due to the new economy, whether it's alcohol or hand sanitizer. So whether it's a demand for starches, for corrugated boxes, for all the e-commerce that goes around the world or all the biomaterials, all the opportunity to replace oil-based products by plant-based products. And that's rejuvenating, some of that product needs. And then as you said, we have Nutrition. So that is growing very strongly on all these health and wellness trends.

So we feel very good about the next few years. It's difficult to know. We are speaking in the middle of a big second wave of a pandemic. So is this -- it's almost imprudent to talk that much about the future. But we feel good about how we are -- we have positioned our company and our businesses and how we're executing. So as far as I can see, we feel very strongly about our prospects.

Benjamin Shelton Bienvenu - *Stephens Inc., Research Division - MD*

Okay. I want to touch on the Nutrition business a little bit, and then we'll go through your operating segments. Can you talk about how that business is progressing? You talked about your entrance with critical mass into that business with WILD. You made recent announcements around your intent to expand probiotics production in Spain. What prompted this? What excites you about the market? And can you just frame up the opportunity for us?

Juan Ricardo Luciano - *Archer-Daniels-Midland Company - Chairman, CEO & President*

Yes. Listen, what excites me about the whole Nutrition is that we've been building this, what I call today, an unparalleled portfolio. Part of that, we started with. We have some of these capabilities, of course, based on our integration. The fact that we are in carbohydrates and the fact that we are in oilseeds gives us a footprint to start with this. And I think that's very important. And that's sometimes an unseen competitive advantage that we have. The fact that Greg provides white flakes for us to be able to make specialty proteins, so plant-based proteins, is a key competitive advantage that we have. And sometimes it's overseeing, if you will.

But I would say, we've been very close to customers. We had a great outreach or a great relationship with large CPG and multinational companies as part of ADM, food companies, of course, and also feed companies. And then with Wild flavors, we get a lot of connections to smaller accounts, more entrepreneurial accounts. So all of a sudden, we got that -- this incredible visibility. And candidly, we had the resources, and we have the portfolio to be able to create solutions. So we've been following the customers' lead in that sense, and the customers have been following the consumer leads. So we've been able to do all these bolt-on M&As just to complete the portfolio and making it better.

And as we were doing that, whether we were adding vanilla, whether we were adding citrus, where we were adding savory products or culinary stuff, I think that we've been able to supply better solutions for our customers. So now we have this big portfolio, and we continue to build capacity for where we see growth. We've built pea protein capacity last year. We built plant-based protein or fiber capacity 2 years ago. And now we are seeing this explosion in probiotics and post-biotics given basically by the concern of people about immunity, their immune system and the realization that there is a strong connection between what happened in your gut and what happened in your health and how do you feel.

People are now thinking about their diets, more about how do they make them feel versus how do they make them look. And I think that, that's an important consideration. And probiotics and post-biotics are into that. So we are expanding our plants in Valencia for probiotics and post-biotics, and we are actually expanding fivefold our capacity because that's the kind of growth we are seeing. So we're very excited about what's happening right now.

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And I think, as I said, this is reflected in the numbers. 5 consecutive quarters growing more than 20% is something that -- it speaks very highly of the receptivity of your customers to your value proposition.

Benjamin Shelton Bienvenu - *Stephens Inc., Research Division - MD*

That's perfect. I want to follow up on that. The growth that we've seen in excess of 20%, how should we be thinking about that going forward? It sounds like it's sustainable. What are the things we should be mindful of at the moment? And just risks, opportunities as it relates to sustaining that growth rate?

Juan Ricardo Luciano - *Archer-Daniels-Midland Company - Chairman, CEO & President*

Yes. Listen, we look at -- the most important thing for us, 2 aspects. One is the strength of the pipeline of opportunities we have because it's a business about innovating and about disrupting categories and bringing new products. So -- and then -- so one is the strength of the pipeline. The second is the win rate. How many of the things that are out there we actually win? So those are the things that our marketing team and our leadership monitors all the time.

And I would say, the pipeline, I'm happy to report is a stronger than 2019 pipeline. So even despite all this. I'm just amazed. I mean the business have created all these virtual engagement with customers. So we can continue to do a teletasting, and we ship samples and we taste together the samples with the customer online. And I think there are all kinds of tools that our marketing team and technical team has developed to collaborate virtually with our customers. So that's kept the pipeline intact. And then the win rates continue to be very strong. So we feel good about both aspects of that.

When we look at -- the last time we look at the plan, the 5-year planning cycle that we renew every year, but the last time we look at the plan was 2019. So we plan to 2024. And by that time, the business gets to about $1 billion operating profit. And in order to do that, if you take what are we going to finish the year estimated, is about a 15% compounded growth rate. So that's kind of our 5-year projection, if you will. So it -- and that's without any major acquisition. So it could be in the range of 15% to 20%, depending if we find an acquisition that we'd like to make. That's kind of the ballpark.

Benjamin Shelton Bienvenu - *Stephens Inc., Research Division - MD*

Okay. Last question on Nutrition. You touched on some of the interconnected businesses across the organization and synergistic nature of having Nutrition within your broader portfolio. Can you elaborate on that a little bit more?

Juan Ricardo Luciano - *Archer-Daniels-Midland Company - Chairman, CEO & President*

Yes. Yes. We think -- first of all, there is a customer connection. Again, we are a food company and a feed company. And there are a lot of customers that do both. And they take commodity products and they take more specialty products. So if you go into complete feed, customers or even premix, I mean, you have to see. For example, I've been in customers that are introduced to us by our global trade that they buy commodity products. And we are also discussing in the same meeting an energy drink that they're going to launch or a plant burger that they're planning to launch. So in many places of the world, these customers are the same.

So first of all, there is a strong commercial connection there, small customers, large customers, there is a lot of synergies there between ADM, traditional ADM and the new nutrition company.

The second is, as I said, the integrated value chain. The fact that why our plan -- our plant-based proteins plants are in Campo Grande, Brazil because there is a crushing plant there. And because there is a grain business there that allows us to get the right beans to crush them into white flakes,

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and then that creates the perfect feedstock for the specialty proteins plants. So I think that some of those things cannot be seen by when we talk about it, but the competitive advantage internally that provides is significant.

And then for a relatively small business like the Nutrition business, we have the capabilities of ADM, not only for the footprint but also from the coverage in the world. We can go -- we are in 160 countries. So our business can land somewhere, and they have a relationship and they have an ability to sell. That's what we're seeing in Animal Nutrition with Neovia. We go into Neovia and we go into all our destination marketing customers. And there is automatically an open door and a relationship build for us to bring the new solution for the feeding of those animals. So I think there are many aspects.

And think about when we set up all these operational excellence in ADM with all our center of excellence, whether it's for finance or operations or customer service or supply chain, a relatively small business like Nutrition takes on all that operational excellence and all that low cost to come to the market being more efficient than anybody else. So I think that there are incredible number of synergies that are a little bit like an iceberg, most of them underwater and not seen.

Benjamin Shelton Bienvenu - *Stephens Inc., Research Division - MD*

That's a nice summary. Thank you for that. Okay, Greg, I know you've been waiting on the edge of your seat for me to ask about Ag Services and Oilseeds. I want to start with the U.S. export season. And we've had great sales commitments already. It's shaping up very nicely. I want to get a sense in the context of late planning, dryness in South America, what do that portends for extending the export season out of the U.S.? And then also how susceptible does that make the Brazil crop to future yield or weather vulnerabilities as we move through the maturation of that crop?

Gregory A. Morris - *Archer-Daniels-Midland Company - Senior VP & President of Agricultural Services and Oilseeds*

Yes. Thanks, Ben, and thanks for the question. I think if you just take a step back and you think about what's happening in the world today where you have China certainly has navigated a number of things in the past year or so, they had African swine fever. They've managed to rebound probably faster than most people had expected. They've managed to get through COVID, and we see signs of their economy continues to advance. And ultimately, what that means is that their appetite for ag commodities, specifically corn, beans, wheat, sorghum, et cetera, is actually quite strong. And so even despite the pandemic, global trade flows are actually increasing this year versus previous years.

And so when you look at what's happened with the aggressive pace of Chinese buying out of Brazil early in the year, that's essentially drained the available stocks out of Brazil for the balance of this year. It's -- but the U.S. certainly in a great position to be able to have the largest export program ever in Q4. And it's caused a situation where, certainly, there's sensitivity around the balance sheets for corn and for soybeans. And so as we sit here with a very tight Brazilian carryout, certainly sensitivity around that transition from the U.S. export program into Brazil, yes, there were some concerns early on about the dry weather and the late planting of the Brazilian crop and even the Argentine crop.

As we sit here today, it looks like the farmers always amazes at how fast they can get a crop planted. And the pace of planting was very robust. And there's still some cause for concern because the balance sheets are relatively tight, and that will be top of mind for anybody that's trading markets over the next several months. But it's caused -- it's probably changed a little bit about when the Brazilian program will take over in terms of exports. So we've seen some additional export sales being put on the book side of the U.S. for January, even into February. And so we'll have to see how the weather plays out and how that crop develops. I still think there is a potential for a good crop in Brazil. But it's -- the pace of exports has been fantastic and looks like it's going to continue.

And interesting, too, everybody focuses on the soybean trade, but as the Chinese livestock industry has professionalized their feeding practices, it means not only the soybean meal demand grow, but it also means that the corn demand grows as well, too. So we've seen a nice uptick in demand from China for corn. We expect that will at least continue through next year. Certainly, a lot to talk about how they're going to -- what their future looks like in terms of agronomic practices and how they address their increased demand for both corn and beans, but it looks good right now for the U.S. export program. I still think there's a good opportunity to raise a good crop from Brazil and the transition will happen somewhere in the middle of Q1 from a U.S. export focus to more of a Brazilian focus.

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Benjamin Shelton Bienvenu - *Stephens Inc., Research Division - MD*

Got it. Okay. Given the strong export volumes that we've seen, there's some tightness in the supply chain, elevation margins are very good and have continued to strengthen. At what point do we need to think about kind of a breaking point where everyone steps back? I know China is a shrewd buyer, but they need this, as you said, because they're rebuilding hog herds. I know they've had production issues, particularly around corn, domestically as well. They've got substantially higher corn prices than we have here. So where is the elasticity point as it relates to some of these numbers that we're seeing in your minds?

Gregory A. Morris - *Archer-Daniels-Midland Company - Senior VP & President of Agricultural Services and Oilseeds*

Well, certainly, elevation margins have been great. And I think how we manage that capacity has been a critical part of our execution strategy as we've gone through the year, making sure we have a solid perspective about how we think the future is going to play out and managing our capacity accordingly.

But I think in terms of the break point, at this point, it feels like the Chinese buyer has got a nice book of business on. And even despite 5 named storms hitting New Orleans, the industry continues to run very well down there. And so the volumes that we've been able to put through the facilities has been fantastic. You still have Chinese reserves. That's still a lever that they could pull to help in that transition from North America to the South America. You still have some available capacity to sell more. So there's no -- there's still offers in the market. So there's still availability of stocks in the U.S.

And so I think the transition is manageable. But certainly, when you look at the premiums, U.S. premiums versus Brazilian premiums, the Chinese will have -- and the world buyer will have every incentive to manage that transition to gain access to the South American beans as quick as they can because the premium structure is going to dictate that.

Benjamin Shelton Bienvenu - *Stephens Inc., Research Division - MD*

Okay. Thinking about the crushing business, can you just take us around the geographies and give us a sense? It looks also quite strong. And can you talk a little bit about the board that crush it here in the U.S. because it is quite strong in the front months. It's not as strong as you get further out in kind of the middle section. So just curious to hear your commentary there.

Gregory A. Morris - *Archer-Daniels-Midland Company - Senior VP & President of Agricultural Services and Oilseeds*

Yes. So on the crush business, it starts with the complexities that the economic struggles in Argentina have caused that industry. The majority of global trade flows of soybean meal is down from Argentina. And so the world needs that industry to run, but the complexity of the financial stress on the Argentine country and the challenges associated with getting the farmer to readily market his soybeans has been a challenge for that industry. And that's caused exports out of other origins to step up. So we've seen good demand out of the U.S., good demand out of Brazil. It's allowed the European industry to see some better margins. And so we believe there's a positive backdrop in terms of crush margins kind of everywhere around the world other than in Argentina right now.

The cash margins and the board crush, they generally track. But what we've seen in an environment like this where you have such a fragile balance sheet and fundamentals that are being driven not only by a strong export market, but also by the pace of farmer selling, you've seen some pretty good volatility in the basis levels, too. So you really have to think about bean basis, meal basis, oil basis in conjunction with board crush as kind of the -- all the different building blocks of the actual cash margins.

But the strength in the nearby -- I mean, it shows that there's good demand nearby for both meal and oil. As we think about how this thing plays out, as you get into next year, I would expect that some of that strength will roll through. But it's also going to be very -- cash margins are going to be very dependent on how we position ourselves with our base dispositions, whether it's on beans, meal or oil as well as board crush. But a lot

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of this -- the board crush is really being influenced by the flat price moves. So you see the nearby strength in soybean futures as opposed to the deferreds look at the old new spread, a lot of the board crush and where it's trading at is really just a consequence of flat price movements and bean spreads.

Benjamin Shelton Bienvenu - *Stephens Inc., Research Division - MD*

Okay. Great. You touched on Argentina in your comments. Juan, you talked about in the last conference call that there's focus on the potential for devaluation stemming farmer selling of beans and whether it's 50% idle capacity or whatever it is at the moment, that turning back online, at least for some period of time, Juan, you suggested it makes sense that the market, given the demand constructs that, that would be pretty quickly absorbed and we just move on. But can you guys elaborate a little bit on how you think about that component of the next 6, 9 months?

Juan Ricardo Luciano - *Archer-Daniels-Midland Company - Chairman, CEO & President*

I don't know, Greg, do you want to address it? Or you want me to do?

Gregory A. Morris - *Archer-Daniels-Midland Company - Senior VP & President of Agricultural Services and Oilseeds*

Yes. I think when you look at the balance sheet that I described earlier and as tight as the world is today on soybeans, actually, we need Argentina to continue to participate in the trade flows. So we need access to -- the world needs access to those beans that today are sitting in the farmer's hands. So some continued selling from that sector is certainly needed for the world.

In terms of the devaluation, there's been a lot of speculation, whether it's a devaluation or whether it's changing in their export taxes. They reintroduced differential export tax. That didn't seem to have a material impact on incentivizing the producer to move more grain into the market. I think in the end, it's -- Argentina is going to remain a very complex region of the world.

And again, I go back to the world needs Argentine meal and oil as a critical supplier to the world. And margins are going to have be -- are going to have to be sustained at a level that allows for that industry to continue to overcome that complexity. And so if you just think about maybe the last several years versus the next several years, if you believe the complexity is going to stay, then margins are going to have to stay at a level that allows the world to still rely on that industry to run at least at a certain level, doesn't mean that margins had to be fantastic in Argentina, but it means that margins have to be at a level that allows for those trade flows to continue because the world needs meal and oil out of Argentina.

Juan Ricardo Luciano - *Archer-Daniels-Midland Company - Chairman, CEO & President*

I think the other thing that I would add, Ben, is that it's difficult to change the farmer mindset because for -- since I remember, betting on the dollar is the best bet in Argentina. Unfortunately, that's what the economic reality has shown. So the farmer is holding to the grain as a way to keep dollars in their hands.

But I think the second thing that is important is given that the food security is so much a priority for many, many countries around the world, that all that situation create a halo of unreliability as Argentina as a supplier because it's kind of a swing supplier. It comes in and out depending on the devaluation. And it's very difficult to put your food security strategy on a country that you cannot predict when it's going to supply how much. So I think that Greg and his team have been able to adjust to that, and that's why you see the strong demand from either Brazil or North America. Because at the end of the day, some of that is a spot because of Argentina, but some of that will remain because of Argentina's unreliability on a long-term basis.

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Benjamin Shelton Bienvenu - *Stephens Inc., Research Division - MD*

Great. Okay. And I want to touch on kind of the 2, what I think our most and focus structural demand drivers for your Ag Services and Oilseeds businesses over the next 3 to 5 years. One is African swine fever and the second is renewable diesel and biomass diesel. On African swine fever, we're on the other side of it. We're on the rebuild side. How far along do you think we are? Greg, you talked about the institutionalization of the production, the commercialization aspect of it. So rations are going up. It's driving demand for soybean imports, meal domestically there in China, corn. Across both crushing and your origination businesses, can you help us think about where we are in that and the magnitude of that opportunity?

Gregory A. Morris - *Archer-Daniels-Midland Company - Senior VP & President of Agricultural Services and Oilseeds*

As I said earlier, I think the Chinese livestock industry's ability to rebound from ASF, I think, has been faster than what most people have thought. I still think it's a multiyear improvement that they're going to continue on. I think some people talk about maybe getting back to kind of pre-ASF levels by 2022 or so. So I think there's a few more years left in that rebuilding, but they have certainly put some significant effort into it. And again, you see that reflected in the significant uptick in trade flows on both corn and soybeans.

So I think that's kind of the time line we're thinking about. I think trade flows should continue to be strong as we think about the next few years. And I think the mix of corn and beans are going to really depend on what China also does to try to promote -- improve agronomic practices in their own country, whether they want to be reliant on corn imports versus bean imports. You've seen some headlines here in the last few days about how they're incentivizing grain production. And so a lot to play out there. But in the end, I do think it means that we should be able to benefit from an acceleration of trade flows going into the future.

Benjamin Shelton Bienvenu - *Stephens Inc., Research Division - MD*

Okay. On the biomass-based diesel front, there's a lot of committed capacity to come online, supposed capacity. There's skepticism. There's focus on the feedstocks. You obviously are a large producer of soybean oil, canola oil, rapeseed oil. Can you talk about how you think about that as it relates to secular demand for your business and then also the refined oil business? And then capacity, whether it's new canola crushing capacity, what makes the most sense? What would have to happen in terms of sustained demand for you to trigger the decision to add capacity? Help us think through that.

Gregory A. Morris - *Archer-Daniels-Midland Company - Senior VP & President of Agricultural Services and Oilseeds*

Yes. So renewable green diesel and really veg oils role in a more sustainable renewable fuel is certainly top of mind. And it's exciting. For anybody that's been in the industry, we've talked about in past years, the oil story, the oil story, the oil story, and it's right around the corner. Well, the oil story is here. And when you look at the significant uptick in potential demand for various veg oils, getting your arms around where that feeds -- what the trade flows are going to look like, what the feedstocks are going to look like is really important. And I think there's a few things to keep in mind.

I mean, first and foremost, you're -- there's certainly preferred feedstocks based on the carbon intensity scores. So I think the world has -- will have certain incentives to aggregate as much used cooking oil as possible from everywhere in the world to be able to feed into those markets that value that. Certainly, spun corn oil has found its way into that space as a lower CI score.

But I think when you look at the significant volume uptick that's coming in that space you still have a real benefit versus petroleum equivalents to look at soybean oil and canola oil as a feedstock and as a reliable domestic supplied feedstock. So we know that all these oils are going to play a role. But what everyone is trying to figure out now is what do the trade flows look like? Who's going to -- how much of that feedstock is going to come from? What currently is maybe being exported? How much of that feedstock is going to be diverted from stand-alone biodiesel plants that maybe are going to have their margins compressed, where renewable green diesel is going to be able to secure that feedstock?

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Certainly, higher oil-bearing seeds will be interesting to think about how those margins look in the future and what acres might look like as we think about oil essentially taking more of a leading role in terms of demand growth versus a backseat role versus soybean meal like we've seen in the last several years. So it's an exciting time. And thinking through the -- those trade flows and where we may be able to look at additional incremental oil production, we're fortunate we've got several facilities across Europe and across North America that have swing capacity, where we can process soybeans, where we can process canola or in Europe, it's rapeseed or soybeans. And so leveraging that swing capacity can be beneficial.

But I think it's also interesting to look at the history that ADM has in biofuels and the technology that we have within our R&D group to be able to even think about how do we influence the CI scores of existing veg oils, whether it's soybean oil, whether it's canola oil. How do we create a sustainable difference as an ADM-supplied feedstock because we've made the deliberate technology advancements within our facilities where we're thinking about how we move product around, how we're thinking about sustainable farming practices as a critical part of that carbon intensity score for the feedstock?

And so I really think it's also an opportunity for us to help differentiate the way that we supply feedstock to an industry that's going to value a lower carbon footprint. And so there's a lot to unpack when you think about renewable green diesel, well beyond just the 3 billion or 2 billion or however many billions of gallons you want to put out there in terms of your estimate. It's a real opportunity for us to set ourselves apart from other commodity suppliers of those feedstocks.

Benjamin Shelton Bienvenu - *Stephens Inc., Research Division - MD*

Okay. Great. And I want to go to Carb Solutions segment, a few questions. One, on the Starches and Sweeteners business, can you give us any update around contracting season? And when you think about -- we've been talking about Chinese buying, driving up corn prices in the midst of a contracting season, what are the implications of that as it relates to margins next year? And help us maybe think about across your customer set, how big versus large customers are reacting? And give us a sense of -- if you can, of what's going on.

Juan Ricardo Luciano - *Archer-Daniels-Midland Company - Chairman, CEO & President*

Yes. So we are still in the middle of it. So I don't want to provide a lot of granularity, as you can imagine. But the goal is always to protect margins as we go into this. And as you described, there are many competing factors right now, parties, consumer demand expectations. We are in the middle of another resurgence of COVID. But then corn prices and increased corn exports and what you estimate for ethanol production, the coproducts value. So we bring all that to the table.

I think one of the things that we have done several years ago is that we have improved the mix of contracts we have. We have also 1, 2 and 3 years contract. So it's not -- many years ago, it was like it was a yearly contract season, February to February, and everybody was having a cliff at the same time. We have a different mix now and the same, the nature of the contracts are different. So we do expect volumes to be better in 2021, certainly than 2020, as we don't expect the same seasonal low that we saw in Q2. And I think our customers are better prepared and ourselves as well to maneuver through the impacts of the pandemic through the shift from foodservice to retail and all those transition. So I think that it's still a little bit too early. As I said, we are still negotiating with customers, but we're comfortable that our business overall, Starches and Sweeteners, will show year-over-year improvement.

Benjamin Shelton Bienvenu - *Stephens Inc., Research Division - MD*

Okay. In the -- just last one for me, in the ethanol business, we're seeing a lot of discipline. The S&D has looked pretty good the last couple of weeks. So we started to see production kind of creep up. Stocks aren't moving up a lot. But I want to get your take on the discipline of the industry, this go around as it relates to production. And then you guys notably have 2 large dry mills off-line. You talked about next spring as a possible time frame around those coming back online, but I know it's market dependent. Maybe not so much the timing of those, but how do you expect the market to absorb you turning those back on? Help us think through that.

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Juan Ricardo Luciano - *Archer-Daniels-Midland Company - Chairman, CEO & President*

Yes. As you said, there is right now a lot of uncertainty as some of the states are announcing more bigger restrictions to fight the coronavirus. So we are getting into the low-demand season from a driving miles perspective. So I would say that shows how the industry has been disciplined then this time around because stock levels have been kept at around the 20 million-barrel level, if you will, which has allowed for some margin expansion.

Of course, recently, over the last week maybe, we lost some of that because of COVID uncertainty fundamentally. On our decision to come back, our decision to come back will be -- of course, we're going to keep it through the winter. We're going to keep it down because it's a low-driving season. And now then we're going to see how margins are looking into the year, what are the expectations for our resurgence in the economy. I'm optimistic, Ben, about the spring and the next summer. If you think about it, we're going to end up the loo of the winter, if you will, plus by that time, we will be distributing vaccines, not to everybody, probably I would have gotten the vaccine by then, but we will have the hope and we will have -- I think we will be turning a little bit some of these very terrible statistics that we're having right now because we will be exiting a little bit of winter.

So I think there's going to be -- we're going to be looking at all those things, some of the regulatory environment things, some of the exports, and we have milestones for all those things. As we hit some of those milestones, we will be making the decision, whether we bring one at a time, whether we bring 2, in what proportion do we bring them. So we have a lot of flexibility. And we will continue to prioritize margins on the way we handle this.

Benjamin Shelton Bienvenu - *Stephens Inc., Research Division - MD*

All right. Juan, Greg, Victoria and Michael, thank you so much for your time today. Thanks, everybody, for listening. We wish you a good rest of the week and a happy Thanksgiving next week.

Gregory A. Morris - *Archer-Daniels-Midland Company - Senior VP & President of Agricultural Services and Oilseeds*

Thank you, Ben. Thank you for having us.

Juan Ricardo Luciano - *Archer-Daniels-Midland Company - Chairman, CEO & President*

Thank you.

Benjamin Shelton Bienvenu - *Stephens Inc., Research Division - MD*

Yes.

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