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EDITED TRANSCRIPT

ADM.N - Archer-Daniels-Midland Co at JPMorgan US All Stars Conference (Virtual)

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CORPORATE PARTICIPANTS

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

CONFERENCE CALL PARTICIPANTS

Thomas Marc Alfred Simonitsch *JPMorgan Chase & Co, Research Division - Analyst*

PRESENTATION

Thomas Marc Alfred Simonitsch - *JPMorgan Chase & Co, Research Division - Analyst*

Hello, everybody, and welcome to the Archer Daniels Midland fireside here at the virtual U.S. All-Stars Conference. My name is Tom Simonitsch, equity research analyst at JPMorgan. We are delighted to welcome Juan Luciano, ADM's Chairman, President and Chief Executive Officer. Juan joined ADM in 2011 as Chief Operating Officer and was named CEO in 2015. Under Juan's leadership, ADM has undergone a significant strategic transformation. Today, ADM is a global leader in human and animal nutrition and the world's premier agricultural origination and processing company. Thank you so much for joining us, Juan.

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

Thank you, Tom, and thank you, JPM, for having us today. I'm going to have some brief opening remarks, and then I will be happy to answer your questions.

Let me first start by reminding you of our safe harbor statement and can be viewed on the Q2 earnings deck on our website at adm.com. So as probably you are all familiar with ADM as a global agribusiness and grain merchandising and processor, but as Tom said, we have undergone a significant transformation over the last decade. We have an initial phase when I came, where we're focusing on getting fit basically, strengthening the core with an emphasis in cash, cost and capital at that time. Then we evolved into a second phase where we transitioned and optimized our business portfolio for growth while also improving returns.

Through all these actions, we have optimized certainly the cost structure of the grain merchandising and processing parts of our businesses. And we have solidified our position as an indispensable part of the world's food supply, matching local needs with our global capabilities and an irreplaceable asset footprint.

In the process, we enhanced our ability to generate strong operating cash flows even in challenging market conditions, which we had many over the years. These strong cash flows generated through these actions, in combination with our balance sheet strength and liquidity access, empower us to do fundamentally 3 things during that period.

One, build one of the world's premier global nutrition businesses. We have deployed approximately $6 billion into building this Nutrition business, and has become undoubtedly the partner of choice for customers from global CPGs to startups, offering industry-leading ingredients and solutions, leading-edge innovation and product development and application development.

The second thing we did is with -- we stood up also complementary revenue streams. We have today value-added BioSolutions portfolio for segments like construction and pharmaceuticals as drop-in replacement for petroleum-based products. We also have next-generation biofuels investments like RGD, and we have made recent announcements about our carbon sequestration capabilities and our carbon-neutral flour operations in the U.S.

The third thing we did with all of this cash flow is we continued to reliably return it to shareholders. We have been paying dividends for 89 uninterrupted years and more than 40 years of consecutive dividend increases.

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Certainly, the execution of this strategy is delivering record financial results. Coming off a record first half results, we see a strong -- where we saw a strong performance across the 3 business units. We delivered approximately also 10% returns in Q2. That was a long-term objective for us, and we are expecting a strong second half, with a strong U.S. export season are predicated on Chinese demand and with good U.S. crops expected in these harvests.

We see RGD story is still playing out with the strong oil value supporting crush margins and with solid soybean meal demand. We have seen a big drop recently in ethanol inventory and that have improved margins. And you heard us in our last earnings call, we have raised the Nutrition guidance to 20% year-over-year OP growth for 2021.

Also in our earnings call, we raised our base earnings power under normalized market conditions, from that previous level of $3 per share to now a level of $4 to $4.50 per share. It's important to note that this is not just the quantity of our earnings that have improved, but also the quality of them, as we have done a lot of work in the commodity business to diversify Ag Services' structure to help more controllable earnings streams like destination marketing, stevedoring. We certainly refocused our risk management in the global trade to maximize asset utilization and just avoid trading for the sake of it. And we diversified our grind into higher-value bio-based solutions, and we grew a stable earnings in the Nutrition division with higher returns.

So even if I say that we have this new baseline of $4 to $4.50, of course, in 2021, we will be above this baseline that we took for planning purposes, if you will, given the strong risk management results we have in the first half of the year. So as we look at the strategy over the next 5 years, we are very pleased to see we are now positioned for sustainable and more predictable growth at the high single-digit percentage rate per year from our higher baseline of $4 to $4.50, and this is driven by 2 strategic pillars basically, productivity and innovation.

Productivity, basically by harnessing the latest technologies and process improvements to deliver great execution and efficiency at lower costs. You heard us before, we started with operational excellence, and we continue with that productivity agenda, that's something in the DNA of ADM. What we're adding now is a lot of innovation to this. We've been investing a lot in innovation capabilities. And powered by these 3 enduring trends of food security, health and well-being and sustainability, we have been able to develop a very robust portfolio of innovation opportunities.

And our strong cash flow and balance sheet gives us optionality to continue to invest in fast-growing categories. You heard our announcements over the last couple of months about Sojaprotein, the premier European plant protein producers. This builds some previous investments to continue to expand this alternative protein platform, whether it was Campo Grande before, Enderlin or the PlantPlus joint venture.

We have announced this month the acquisition of a 75% majority stake in premier private label provider of pet treats and supplements, PetDine. This follows on our Crosswind acquisition and certainly our Neovia acquisition, that has been -- have created this platform for us in this business of pet food and treats that is $110 billion and growing at 4.5%, 5% per year.

We also announced the investment of -- in RGD for -- in Spiritwood, North Dakota, a soybean crush plant, and now we have announced that as a partnership with Marathon, where we've taken 25% of that. And we continue with other exciting opportunities, whether it's our expansion of the Pinghu flavors plant in China, the LOI with LG Chem for biomaterials, the expansion of our Valencia probiotics capacity and many more other investments.

While our prior phase was focused roughly on 2/3 productivity, 1/3 innovation, now when we look at the portfolio going forward, we see a more equal weight between these 2 things and very much a richness of opportunities I've never seen before in our 5-year plan. So to drive our continued growth in this area of fast-growing demand, our CapEx will likely be a little bit higher than our $1 billion of depreciation and amortization that we've been having over the last few years. We're basically pivoting for -- from a very exclusive focus on ROIC to now driving EVA by maintaining our returns discipline by growing EPS.

So as you can see, we are very proud of our accomplishments. And you can tell, I'm very excited about our future. And we're truly looking forward to revealing more about the next phase of our growth at our Global Investor Day on December 10. So thank you, Tom.

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QUESTIONS AND ANSWERS

Thomas Marc Alfred Simonitsch - *JPMorgan Chase & Co, Research Division - Analyst*

Thank you, Juan. You covered a lot of ground there. (Operator Instructions)

You touched on a lot of different topics there, Juan. Maybe just to drill down on the new EPS baseline in particular. You're expecting to grow that baseline at a high single-digit CAGR beyond this year. What are the key drivers of that growth in your model? And what gives you confidence in the sustainability of ADM's growth trajectory longer term?

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

Yes. Once again, I would say, Tom, just to clarify, this is a base earnings power and not a specific guidance for 2021, where we expect to be higher than that.

I think that we've been doing a lot of work over the last 10 years, so this is not something we are coming up with overnight. We have, as I said, transformed this commodity merchandising company now with a much more robust portfolio of things. The commodity business are much more able to sustain some of the ups and downs, and they are much more stable.

We also saw consumer and customer behavior changing, where we realized very early on, they needed more solutions capabilities. And with that, we build not only the Nutrition business, but we have expanded that portfolio, if you will, to other adjacencies, and we are applying kind of the same capabilities now to do BioSolutions for other things. So we're going to retain our traditional management of what we can control, philosophy. So we have cost focused on operational excellence and cost improvement.

But then all these innovation pieces, what gives us more optimism, if you will, about the trajectory we're going to have. So we have redeployed a lot of capital over the years and -- to build this Nutrition, but also, as I said, to build biomaterials and other streams. And we also have seen over time some structural market change, not only the change that we have made in our own company. So some changes being on the negative side, like the largest decline was ethanol. We don't have a funnel in those earnings like we had it in maybe 2014. We have replaced that with now a Nutrition division.

And we've seen Chinese demand, very strong. But demand around the world, this food security as we're trying to feed 9 billion people by 2050 is something that is very resilient to ups and downs even through pandemic and things like that. People are growing in the world. People are improving their diets in the world. People have more desire to put proteins, and they don't come back once they test proteins, so we see that.

And then certainly, the other structural market change is all the sustainability and the desire for a lot of people to go plant-based, not only eating plant-based but also building plant-based and also fueling plant-based. So we're seeing next-generation biofuels. So renewable green diesel impact on vegetable oil, and as I said, the demand for BioSolutions for products to replace petroleum.

So when we look at all these, Tom, and we look at our 5-year plan, the challenge for the management team would be one of prioritization, are we able to execute all this portfolio of very rich things that we have in front of us? We have the cash to do that, we have the financing to do that, we have the expertise to do it, but it's a very rich opportunity ahead of us.

Thomas Marc Alfred Simonitsch - *JPMorgan Chase & Co, Research Division - Analyst*

And just following up on that last point on sustainability. How do you view sustainability in itself as a value proposition for ADM?

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

Yes. Sustainability has been all along very ingrained in who we are. I mean look at our purpose, to unlock nature, to enrich life, so it's been a part of us. I mean we launched veggie burgers in 1982. We've been doing sustainable farming practices with farmers for the last 4 years.

So I would say, as the world is looking to decarbonize, agriculture certainly is a contributor to those green house gas emissions, but it's also had a critical role to help industries to move away from petroleum-based products. And ADM is seeing that special place in the value chain between trying to tie the farmer with the consumer and trying to align those to their practices that the farmer can implement with the desire of the consumer to have more sustainable agriculture in general.

So we think that this is a differentiation for ADM. This end-to-end supply chain manager provides us a spectacular viewpoint to that. We also provide a lot of traceability to customers. So we help a lot of our CPG companies to be able to identify and to guarantee to their consumers that these products are built or made with sustainable practices.

We have announced recently that our U.S. flour milling operations have achieved zero carbon but -- so we have launched that. We're having a lot of interest from customers on that. We have our fair trade vanilla supply chain. So we've been doing that organically through every part of ADM.

We have today over 13 million acres involved in sustainable agricultural programs, where we are helping farmers and giving incentives to farmers to adopt to the no-till or cover crops. And of course, we have renewable fuels, whether it's RGD or sustainable aviation fuels is where we are discussing with many market participants about how to bring this.

And something that very few people realize, Tom, and now it becomes a little bit more in fashion, is we started sequestering carbon 1 1/2 miles under the surface in Decatur, IL in 2017. So we have sequestered 3.5 million tons of CO2 safely under the surface. And that gives a lot of optionality to our Decatur side as we can use that to lower the CI scores of a lot of the product we make there.

Thomas Marc Alfred Simonitsch - *JPMorgan Chase & Co, Research Division - Analyst*

Very good. As we think about the near-term outlook and hurricane impacts in particular, how quickly can you return to full export capacity? And what are the indications for the Q4 U.S. export program? And clearly, you'll face some volume headwinds, but on the flip side, as you think about potential margin tailwinds, how is the outlook for Ag Services margins and even obviously, your crush margins changed maybe since the Q2 earnings call?

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

Yes. Thank you, Tom. And our first priority and our first action plans were to help our colleagues impacted. We have about 650 colleagues there, and it has been tremendous to see the outpouring of support from around the company and everybody to try to help these people that lost their houses and all that.

Thankfully, we suffered minor damage and no significant structural issues affected so far. So it's been more a matter of cleaning up and also bringing power back. So certainly, the whole areas, exports were heavily impacted for the month of September, and we expect to run at reduced rates for some time.

I think we have -- there is one facility in the industry that has sustained significant damage that would be down for a while. So we probably will run at similar rates that we have in Q4 last year, because we didn't have Reserve at Q4 last year that we were repairing. And we expect some of the missed volume to extend further into Q1 and Q2. So I think it just will be a redistribution of that volume, where I think that probably a minor negative impact versus prior expectations.

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I think what you were saying about margins is that coming into this season, capacity was already tight in the Gulf, given the expectations for export. And I think with these, now there is the possibility to see much higher elevation margins than maybe the industry was expecting. So that's the way we're seeing tight export capacity with a strong demand should lead to higher elevation margins.

Thomas Marc Alfred Simonitsch - *JPMorgan Chase & Co, Research Division - Analyst*

Good to hear. And then on trade more broadly, we have seen China step in as a significant buyer of U.S. corn in the last 12 months or so. You said before that you expect China to import about 25 million tons of corn on a multiyear basis. But where are those corn imports likely to originate in your view? And assuming Brazil produces significantly more corn this year, is there any realistic scenario where U.S. corn exports to China can get even close to this year?

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

Yes. I think that -- I still believe China will be looking to import significant quantities of corn for the next few years. They continue to rebuild the hog herd that you know, Tom, and professionalize the ration. So and they need to rebuild stock, so they need both soybean and corn.

Of course, Chinese are very opportunistic and strategic in their purchases. And at this point, I expect them to buy soybeans first, given the limitation of the U.S. Gulf export capacities, are going to buy PNW first in the Gulf for the most beans. Normally, they take a lot of their corn from U.S. and Ukraine and Black Sea. So I still believe that there's going to be big takers from the U.S. Whether they're going to be as big as takers as the previous season, maybe not that much, but certainly significantly higher than the historical years.

Thomas Marc Alfred Simonitsch - *JPMorgan Chase & Co, Research Division - Analyst*

Right. And given recent news flow, how should we think about the risk to ADM from a China slowdown?

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

Yes. I think you see a lot of headlines about slowdown in China in terms of the industrial activity. I will say, as I said that in my opening remarks in terms of food security, food security is one of the top 3 priorities of the Chinese government. But I always said China has 22% of the world population and 6% of water or 7% of the arable land.

So nothing in this activity, the industrial activity tends to impact that much, the need for them to feed their population. So we've seen all that, very resilient and even through ASF, through trade wars, through whatever you want to call it. So sometimes, it happens that something changed from 1 quarter to the other, but over a yearly basis, if you will, we think that demand will be there from China.

Thomas Marc Alfred Simonitsch - *JPMorgan Chase & Co, Research Division - Analyst*

One bright spot, as you mentioned, on the demand side has been around renewable green diesel, with a significant amount of new refining capacity likely coming online over the next few years. How do you expect this new demand growth to play out across the complex?

Will the U.S. become a net importer of soybean oil? What are the prospects to U.S. soy meal exports as more and more beans will have to be crushed domestically? And how many acres of soybeans do you expect U.S. farmers will be planting come 2025?

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

Well, many questions wrapping in one, Tom. Listen, RGD is certainly a structural change to the crush industry and have already been impacting being oil prices and crush margins even before all the buildup.

So -- and you have to remember, the oil market was already tight before we get to RGD. So we have seen already that dynamic. So RGD capacity growing to 5 billion gallons by 2025, that means 30 billion additional pounds of feedstocks. And that's a lot when you compare with the amount that is being produced right now.

So this is a significant structural change that we believe will improve soy crush margins falling in the -- by the tune of $2 to $3 per metric ton versus the prior baseline, and maybe $10 in terms of soft seeds, so a significant change.

We are setting up for that. So of course, we will increase the volumes with Spiritwood crush refinery, adding roughly 1.5 million tons of soybean crush per year. That will yield 600 million pounds of oil. We're also expanding Quincy refinery. That could add another 0.5 million pounds of refined oil. So all in all, we will contribute 1.1 billion oil to this industry.

So we were very pleased to announce the JV and offtake agreement with Marathon. It de-risks the investment and secures a long-term relationship with the company that is committed to sustainability and carbon reduction with ADM. So we're going to have many more opportunities with them to do other things, to do other -- to being able to launch together maybe other sustainable fuel production to production with a lower CI production in collaboration with themselves and other companies.

So when we think about crush growth and meal exports and imports, much of the announced capacity come online '23 or '24. I think major industry players, we're all sensitive to our capacity. We've been -- we looked at Spiritwood, Tom for 2 years. We wanted to make sure we locate it in a place where we can get the soybeans, that soybeans with plenty available, these are big volumes.

But we're also located in a place where we can easily export the soybean meal. So this gives us access to PNW to being able to do that. And I think everybody, every major player has been very sensitive to all this. It's not just that we build the plant, it's the whole integration, the whole value chain.

I think long term, this makes U.S. meal exports more competitive in the global market because you have a strong crush leg on the oil. And on the oil side, I think certainly trade flows will adjust to meet the demand. So potentially, we could have some more imports as you posed in the question. But I think that's a little bit way into the future.

I think the U.S. feedstock, we could still have the logistical advantage. I think planted acres, I think that we have seen it before with maybe other biofuels. The farmers will respond to increasing demand, both through acres as well as technology to improve yields. And I think that we've seen year-over-year, even with the recent adjustment up of the yield by USDA health technology despite droughts and all that continue to give us better yields. So I think that we have a lot of faith in technology helping us to bridge the gap there.

Thomas Marc Alfred Simonitsch - *JPMorgan Chase & Co, Research Division - Analyst*

Very good. I want to ask you about Argentina, always a wildcard in the outlook for global soybean crush. Argentina has midterm elections coming up in November, and the political environment is to become even more fractured in recent weeks, what are the implications for soy markets.

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

The situation in -- of course, we are not a crusher in Argentina. So I speak with certain detachment on this and maybe a little bit less info. But Argentina has seen a difficult situation, not only politically and in the middle of an election cycle that not one particularly well for the ruling government.

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So the farmers continue to be slow sellers, if you will, as they are very much concerned about inflation. So it's a very difficult environment to operate that -- to operating. And on top of that, you need to add that the Paraná River has historically low levels of water that is making everything more difficult and more expensive in Argentina.

So I think although I think that Argentina will continue to crush at good rates, we don't expect them to be disruptive because, to a certain degree, their crush rates will be controlled by the farmer and by the logistic issues that we have today. So I think that's my view at the moment.

Thomas Marc Alfred Simonitsch - *JPMorgan Chase & Co, Research Division - Analyst*

And switching to U.S. ethanol. I think you mentioned that, that is not a contributor to your new earnings baseline. But do you see a pathway to sustainably higher industry margins? And how important is sustainable aviation fuel in the plants of your dry mills?

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

Yes. Good question, Tom. So ethanol even during this year has continued to give us ups and downs. So we remain committed to reducing our exposure to vehicle fuel ethanol, and we continue strategically to look for ways to accomplish that.

Ethanol margins were very poor in the first half of the Q3 when we started the quarter. But a little bit the inverse from corn and a little bit the low margins make production slow down in the industry and inventories have decreased under the magic number of 20 million barrels. So margins have increased recently. We think that we're going to be a stronger export program in Q4 and Q1. We've seen lower Brazil corn growth, lower Brazil sugar and ethanol production. So maybe we get a period of better margins now.

I think for us, I don't know for the industry, but for us, the long-term pathway to improve margin is to continue to diversify our product streams. We are very happy with BioSolutions. If you think about we are -- that business is growing like a revenue of about 10% or more. We are heavily working on the carb solutions business to see how climate and decarbonization can help us pivot that business and find new uses for ethanol or other products like you mentioned, sustainable aviation fuel.

I think that to decarbonize the airline industry today, there's nothing better than sustainable aviation fuels. And the issues that were a downside for us, that was the big size of our dry mills, have become an advantage for an industry that requires big volumes like the aviation industry.

So we remain committed to this transaction. But on the other hand, we have been approached by several parties about looking for opportunities for other sustainable solutions for these assets that we are exploring those at the moment. So we feel good about the opportunity that sustainability and decarbonization is bringing to our ethanol or our corn business.

Thomas Marc Alfred Simonitsch - *JPMorgan Chase & Co, Research Division - Analyst*

Just following up on that. I mean how meaningful can the plant-based BioSolutions business become for ADM over the next 5 years or so? What level of investment will be required together?

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

Yes, very meaningful actually. It is a larger business than, I think, people think. If you think about -- just the carb solutions piece, it's probably $1 billion in revenue and about $200 million of operating profit. If I take everything in the company, it's more like $1.3 billion in revenue and $250 million. But this is growing revenue at around 10% and we're just getting started.

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At this point, we are basically taking products that are existing products, taking them into new markets, whether it's pharmaceuticals, personal care, textiles, paper products, adhesives. But in the future, we will be able to bring extra capacity to make some of these products on purpose, if we need to.

And you saw the announcement of our recent MoU with LG Chem to form a JV to produce lactic acid from corn and also PLA biodegradable plastics. This goes into food packaging, clothing, upholstery and all that. So we believe that the demand for just bioplastic globally is expected to grow from like maybe $10 billion, $11 billion today to triple that number in 5 years. So significant improvement. And our size make us an ideal partner for people like LG Chem, which we all know that have began to partner with us for this event.

Thomas Marc Alfred Simonitsch - *JPMorgan Chase & Co, Research Division - Analyst*

Very interesting. And switching to your Animal Nutrition business. You announced the deal earlier this month to take 75% ownership of 4 companies, providing private label pet treats and supplements. Can you elaborate on that transaction and more broadly describe what excites you about the pet care segment? And how is ADM positioned to succeed in that business?

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

Yes. Yes, the pet food and treats, I mean, we've been in this business. As I said, we have acquired Crosswinds a couple of years ago and we acquired Neovia. So we have a significant presence already, and we like that business. It's a high-growth market within our Nutrition business. This is a total market of around $140 billion, expected to grow, as I said in my remarks, 4.5%.

And there is a lot of synergies between this humanization of pets and treats. There is a lot of bridges between Human Nutrition and Animal Nutrition, and we're seeing that more and more in our ability to cross-fertilize the division. So we saw this group of companies, the P4 companies, PetDine, that is very focused on pet treats and supplements, and we found that a great opportunity to enhance and accelerate our existing business.

We love their facilities. We love their management. And these are a great team of people, and we are honored to join them in this quest. The enterprise value of the P4 group was $600 million. We bought a 75% stake of that, so the transaction is only 75% of $600 million. This has been growing, this company, at high double digits in the recent years. They have great R&D capabilities. They have a lot of these customization and driving for clear labels. It gives us great access to private label customers and a brand-new channel for us to push some of our products. And it provides us a great platform to deliver our solutions capability and our full pantry of products. So we are very pleased with it, and I have very, very high expectations of this range.

Thomas Marc Alfred Simonitsch - *JPMorgan Chase & Co, Research Division - Analyst*

And maybe you can tell us a bit more about the growth opportunities in your Human Nutrition business. Are there any gaps to fill in that portfolio?

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

Yes. We are filling those gaps pretty quickly with all these acquisitions, as I said, Sojaprotein and PetDine and now Pinghu. So we're investing a lot. But we have this goal. I mean my personal goal is to build the best nutrition company in the world. I think we are in that processes, it's not that we are there.

But that's our intention, and we will have all the support of ADM to have confidence there. Our more immediate goal is to get to that $1 billion operating profit goal. This year, we're probably going to finish, give or take, about $700 million in that range. And we see ourselves growing about 15%. So maybe in a couple of years to get there to that $1 billion.

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And although we have the broadest pantry in the industry and a lot of the capabilities that we need, we still have some gaps. And so because we're growing so fast, sometimes we are capacity constrained in some areas. So we are expanding Enderlin, expanding Erlanger and expanding Pinghu.

We continue to build our plant proteins position. We are continuing to build our microbial solutions. And we need to add a little bit more capacity in emerging markets, so South America, Asia are probably the focus of our exploration right now.

Thomas Marc Alfred Simonitsch - *JPMorgan Chase & Co, Research Division - Analyst*

In recent years, you've strived for a balanced approach to cash allocation. Can you remind us of your priorities today? And in particular, we're seeing ADM derisk investments in various projects through the use of partnership or JV structures. How do you think about that philosophically?

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

Yes. So first of all, despite all these opportunities we have, our focus on return and our disciplines, our return will continue to be there, our priority. And we will not forget that. And that's why sometimes when we can derisk some of these investments or get partnerships, if that makes more sense from a returns perspective, we will always take advantage of that opportunity and we welcome those partnerships.

We are very proud of our strong balance sheet that gives us, of course, tremendous flexibility to develop and execute the strategy. So we will maintain the strong organic growth focus, especially as we need to build capacity to build demand, whether it's on the commodity side, like Spiritwood or Quincy, or whether it's in the more specialty side like Pinghu or other things.

We will continue to do bolt-ons to accelerate the growth without sacrificing that discipline on returns, so we've been very deliberate about that. That's why you haven't heard for us anything for like last couple of years and then all of a sudden, we get 2 because we are very deliberate about that. But with this higher baseline earnings, we're going to generate a lot of strong cash flows. And we're going to redeploy that cash flow towards, of course, increased capacity to match that growth. So you're going to see CapEx higher than the $1 billion over the next couple of years.

We will continue to do smart bolt-ons, and return of capital continues to be a priority. We're going to have a strong dividend payout ratio in the 30% to 40% range, more on the higher side of that. Again, we've been proudly paying dividend for 89 years and growing them for 40-plus years. So we will continue that trajectory. And as working capital hopefully decreases over time with the commodity price cycle, cash can be freed up for share buybacks later in the planning period. So those are our priorities.

Thomas Marc Alfred Simonitsch - *JPMorgan Chase & Co, Research Division - Analyst*

And one final question from me. You'll be hosting an Investor Day in December, the first such event in quite some time. What can we expect to hear?

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

Yes. In 2014, we unveiled, if you will, the next 5 years, what we were trying to achieve. And I think that now that we have achieved all those goals, we achieved getting to -- from $3 to the level, the baseline level of $4 to $4.50, we achieved the 10% ROIC. Now we want to unveil the next 5 years. So why this productivity and innovation push, we see will deliver for ADM, the ability to grow earnings at the high single-digit clip over the next 5 years. So hopefully, we can see you all there, and we will provide much more granularity on that exciting path forward. Thank you.

Thomas Marc Alfred Simonitsch - *JPMorgan Chase & Co, Research Division - Analyst*

I look forward to it. I think we're just about out of time. So with that, thank you, Juan, so much for joining us today. It's a pleasure speaking with you.

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

Thank you, Tom. Thank you very much for inviting me.

Thomas Marc Alfred Simonitsch - *JPMorgan Chase & Co, Research Division - Analyst*

Operator, we'll end it there. Thanks, everyone, for listening.

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