REFINITIV STREETEVENTS

EDITED TRANSCRIPT

ADM.N - Q3 2021 Archer-Daniels-Midland Co Earnings Call

EVENT DATE/TIME: OCTOBER 26, 2021 / 1:00PM GMT

OVERVIEW:

Co. reported 3Q21 adjusted EPS of $0.97.

©2021 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

CORPORATE PARTICIPANTS

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

Ray Guy Young *Archer-Daniels-Midland Company - Executive VP & CFO*

Vikram Luthar *Archer-Daniels-Midland Company - Senior VP, Head of IR & CFO of Nutrition*

CONFERENCE CALL PARTICIPANTS

Adam L. Samuelson *Goldman Sachs Group, Inc., Research Division - Equity Analyst*

Benjamin M. Theurer *Barclays Bank PLC, Research Division - Head of the Mexico Equity Research & Director*

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

Eric Jon Larson *Seaport Research Partners - Research Analyst*

Kenneth Bryan Zaslow *BMO Capital Markets Equity Research - MD of Food & Agribusiness Research and Food & Beverage Analyst*

Luke Emerson Washer *BofA Securities, Research Division - Research Analyst*

Michael Leith Piken *Cleveland Research Company - Equity Analyst*

Robert Bain Moskow *Crédit Suisse AG, Research Division - Research Analyst*

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

Vincent Alwardt Anderson *Stifel, Nicolaus & Company, Incorporated, Research Division - Associate*

Vincent Stephen Andrews *Morgan Stanley, Research Division - MD*

PRESENTATION

Operator

Hello and good morning, and welcome to the ADM Third Quarter 2021 Earnings Conference Call. (Operator Instructions) As a reminder, this conference call is being recorded.

I would now like to introduce your host for today's call, Vikram Luthar, Senior Vice President, Head of Investor Relations, Chief Financial Officer, Nutrition for ADM. Mr. Luthar, you may begin.

Vikram Luthar - *Archer-Daniels-Midland Company - Senior VP, Head of IR & CFO of Nutrition*

Thank you, Emily. Good morning and welcome to ADM's third quarter earnings webcast. Starting tomorrow, a replay of today's webcast will be available at adm.com.

For those following the presentation, please turn to Slide 2, the company's safe harbor statement, which says that some of our comments and materials constitute forward-looking statements that reflect management's current views and estimates of future economic circumstances, industry conditions, company performance and financial results. These statements and materials are based on many assumptions and factors that are subject to risks and uncertainties. ADM has provided additional information in its reports on file with the SEC concerning assumptions and factors that could cause actual results to differ materially from those in this presentation, and you should carefully review the assumptions and factors in our SEC reports. To the extent permitted under applicable law, ADM assumes no obligation to update any forward-looking statements as a result of new information or future events.

©2021 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

On today's webcast, our Chairman and Chief Executive Officer, Juan Luciano, will provide an overview of the quarter and highlight some of our accomplishments. Our Chief Financial Officer, Ray Young, will review the drivers of our performance as well as corporate results and financial highlights. Then Juan will make some final comments, after which they will take your questions.

Please turn to Slide 3. I will now turn the call over to Juan.

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

Thank you, Vikram. This morning, we reported third quarter adjusted earnings per share of $0.97. That is a 9% year-over-year improvement despite a higher tax rate. And our year-to-date adjusted EPS of $3.69 is already above our full year 2020 adjusted EPS. Adjusted segment operating profit was $1 billion, up 18% versus the third quarter of 2020 and our eighth consecutive quarter of year-over-year OP growth.

Our trailing fourth quarter adjusted EBITDA was about $4.6 billion, almost $1 billion more than a year ago. And our trailing 4-quarter average adjusted ROIC was 9.6%, significantly higher versus the year ago period. I remain proud to lead a global team that is delivering robust returns and sustained growth in profits. Our strong quarter and our ongoing upward trajectory are a testament to our team's execution and agility and the consistent implementation of our strategic plan.

I'd like to take a moment now to highlight some of our accomplishments from the quarter. Slide 4, please. I'd like to start by talking about our approach to portfolio management. Our starting point is the belief that in order to thrive and create value, the company needs to have a dynamic view of its business portfolio. So when we talk about the dramatic transformation of our portfolio over the last 10 years, it's not a discrete event. It's a representation of our continuous work to identify opportunities for growth and improvement. Of course, those opportunities maybe -- must be the right ones.

The enduring trends of food security, health and well-being and sustainability provide unique and stable opportunities for ADM to expand our existing capabilities. And we are focusing our efforts on identifying high-growth, on-trend areas with attractive margins and which are adjacent to our existing capabilities. That focus informed the building of our global nutrition business. The acquisition of WILD gave us entry into flavors and a global taste platform. We then used bolt-on acquisitions to add adjacent capabilities and build a one-stop shop with an industry-leading pantry of ingredients and solutions for Human Nutrition.

We did the same for Animal Nutrition with the acquisition of Neovia, and we continue to do the same today across our business. In order to meet growing demand for sustainable solutions, we have announced a joint venture and offtake agreement with Marathon Oil Company to support the production of renewable diesel.

We are continuing to invest in key nutrition categories. As demand for alternative protein grows from $10 billion to $30 billion over the next decade, we are further enhancing our capabilities with the acquisition of Sojaprotein. And with global demand for pet food growing to $140 billion in the coming years, we are continuing our growth with a 75% ownership stake in PetDine.

In the area of microbiome, we've signed an agreement with Vland Biotech to launch a joint venture that will perfectly position us to help meet $1 billion in retail demand for probiotics in China. These are just some examples of how we are dynamically positioning our portfolio to continue driving growth for years to come. There will be more to come, and you can expect an increased level of investments to support our sustainable earnings growth and further expand our capacity and capabilities.

Please turn to Slide 5. As part of our portfolio management approach, we're working to evolve our Carbohydrate Solutions business, expanding our array of solutions to meet growing customer demand, driven by the enduring trend of sustainability. We made significant progress recently focused on 2 areas: new opportunities for our alcohol production and our growing biosolutions platform. Let me start with alcohol.

Last Thursday, we announced that we reached an agreement, which we expect to close at the end of the month, to sell our ethanol facility in Peoria. And yesterday, we announced a memorandum of understanding with Gevo to explore potential joint ventures, one of which will include our Columbus and Cedar Rapids dry mills and our ethanol assets in Decatur, transitioning 900 million gallons of ethanol production to support growing

©2021 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

demand for low-carbon sustainable aviation fuel. These actions represent our commitment to a process that we began when we first announced the strategic review of our dry mills.

Taken together, they will allow us to significantly reduce our exposure to vehicle fuel ethanol while using our expertise and assets to capitalize on new opportunities. SAF is one of those opportunities. The U.S. and EU have set goals that together would support almost 4 billion gallons of annual sustainable aviation fuel production by 2030 and more than 45 billion by 2050.

The other focus area for our Carbohydrate Solutions evolution is our biosolutions growth platform. Biosolutions, which we launched about a year ago, is an effort focused on using our product streams to expand our participation in sustainable, higher-margin solutions for attractive end markets like pharmaceuticals and personal care. This is an area of significant potential, and our team is doing a great job identifying new and exciting opportunities.

Earlier this fall, for example, we signed an MOU with LG Chem for the production of lactic and polylactic acid for bioplastics and other plant-based products. These efforts are enabling biosolutions to deliver 10% annualized revenue growth, including more than $80 million in new revenue wins in the first 9 months of this year, and we believe there are many new opportunities to come.

So from the transformation of our dry mills to our growing biosolutions platform, our work to evolve our Carbohydrate Solutions capabilities is a perfect example of how we're managing our portfolio and delivering a smart strategic growth and one of the many reasons we remain convinced on our ability to deliver sustainable earnings growth in the years to come. I'll talk a little bit more about our business outlook at the end of our call. And of course, we'll be going into much more detail at our Global Investor Day on December 10.

But in the meantime, I will turn the call to -- over to Ray to talk about our business performance. Ray?

Ray Guy Young - *Archer-Daniels-Midland Company - Executive VP & CFO*

Yes. Thanks, Juan. Slide 6, please. The Ag Services and Oilseeds team continued their outstanding year with another quarter of substantial profit growth. In Ag Services, we're proud of how the team executed in a challenging environment, including a swift return to operation after Hurricane Ida. Overall results were significantly lower versus the prior year quarter driven by approximately $50 million in net [negative] (added by company after the call) timing effects that should reverse in coming quarters as well as $54 million in insurance settlement recorded in the prior year period and lower export volumes caused by Hurricane Ida. Global trade continues its strong performance.

The Crushing team delivered substantially higher year-over-year results, executed well, delivering stronger margins in a dynamic environment that includes strong demand for vegetable oils to support our existing food customers as well as the increasing production of renewable diesel. Results were also driven by about $70 million in net positive timing effects in the quarter.

Refined Products and Other results were significantly higher than prior year period, driven by positive timing effects of approximately $80 million that are expected to reverse in future quarters. Strong execution in EMEA and North American biodiesel and strong refining premiums due to demand for renewable diesel and food service recovery in North America also contributed to the results. Equity earnings from Wilmar were lower year-over-year.

Now looking ahead, we expect to see continued fundamental demand strength for Ag Services and Oilseeds products, including from China, as well as solid global soybean crush margin environment in the fourth quarter, partially offset by some higher manufacturing costs. In addition, RPO will be negatively impacted by timing reversals. All told, we expect results in the fourth quarter to be significantly higher than the third quarter of this year.

Slide 7, please. Carbohydrate Solutions results were lower year-over-year. The Starches and Sweeteners subsegment, including ethanol production from our wet mills, showed their agility by managing through dynamic market conditions and optimizing mix between sweeteners and ethanol production through the quarter. Year-over-year results were significantly lower primarily due to higher input costs. Vantage Corn Processor results

©2021 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

were much higher versus the third quarter of 2020, supported by the resumption of production at our 2 dry mills and improved fuel ethanol margins, particularly late in the quarter.

Looking ahead to the fourth quarter, we expect the solid fundamentals from the end of the third quarter to continue for Carbohydrate Solutions, with good ethanol margins extending through the quarter due to industry supply-demand balance and solid demand for corn oil and starches, offset by higher manufacturing costs, particularly in Europe, as well as the absence of the Peoria dry mill. All told, fourth quarter results for the segment should be similar to the previous year fourth quarter.

On Slide 8, the Nutrition business remains on its solid growth trajectory with 17% higher revenues and 15% on a constant currency basis and 20% higher profits year-over-year and continued strong EBITDA margins. The Human Nutrition team delivered revenue growth of 12% year-over-year on a constant currency basis, helping to drive 9% higher profits. Higher volume, improved product mix, particular strength in beverage drove strong flavor results in EMEA and North America, partially offset by lower results in APAC. Specialty Ingredients continued to benefit from strong demand for alternative proteins, offset by some higher costs. Health & Wellness results were higher on robust sales growth in bioactives and fiber.

Animal Nutrition profits were nearly double the year ago period, and sales were up 19% on a constant currency basis, driven primarily by the strength in amino acids as well as feed additives and ingredients, partially offset by higher costs in Lat Am and slower demand recovery in APAC.

Looking ahead, we expect Nutrition to continue on its impressive growth path, with strength across the Human and Animal Nutrition leading to strong year-over-year earnings expansion in the fourth quarter and a 20% full year growth versus 2020.

Slide 9, please. Let me finish up with a few observations from the Other segment as well as some of the Corporate line items. Other Business results were substantially lower than the prior year period, driven primarily by captive insurance underwriting losses, most of which were offset by corresponding recoveries in the other business segments. We expect fourth quarter to have some additional insurance underwriting losses, resulting in a break-even Other Business for the fourth quarter.

As expected, net interest expense for the quarter decreased year-over-year on lower interest rates and to favorable liability management actions taken in the prior year. In the Corporate lines, unallocated corporate costs of $230 million were driven primarily by higher IT operating and project-related costs and transfers of costs from business segments into the centralized centers of excellence in supply chain and operations.

Looking at total corporate costs, including net interest, corporate unallocated and other corporate, we are still on track for the calendar year to be overall similar to 2020. The effective tax rate for the third quarter of 2021 was approximately 18%. We anticipate our calendar year adjusted effective tax rate to be the upper end of our previously communicated range of 14% to 16% and potentially a bit higher, depending upon the geographic mix in the fourth quarter. Our balance sheet remains solid with a net debt to total capital ratio of about 26% and available liquidity of about $11.5 billion.

With that, I'll turn it back to Juan.

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

Thank you, Ray. Slide 10, please. From consistent sustained profit growth to the ongoing management of our business and product portfolio, our team has a lot to be proud of. And there's one other thing we achieved last quarter that I want to mention. We had many team members impacted when Hurricane Ida hit in late August. So we provided temporary housing arrangements, portable generators, food and water and more. In fact, many ADM colleagues traveled to the region and spent time helping repair their coworkers' damaged homes. I'm very proud of that. I'm very thankful to our team.

I'll keep the rest of my closing short as we plan to go into our outlook in far more depth on our December 10 Global Investor Day. As I look back at the third quarter and all of the last 9 months, I continue to see a team and a company that are delivering on our goals and our purpose. We are closing out 2021 with great momentum. We're on track for a strong fourth quarter and a second consecutive year of record earnings per share. And as we look ahead to 2022, we see another strong year for ADM.

©2021 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

A robust global demand environment will continue to offer opportunities for us to leverage our indispensable global origination, processing and logistics capabilities. And Nutrition will continue on its strong growth trajectory, in line with our 15% per annum trend rate goals and on its way to $1 billion in operating profit in the coming years.

Of course, there are things we continue to watch, including energy costs and inflation more widely. But thanks to our unique value chain and global footprint, our unmatched abilities to meet needs in the enduring trend areas of food security, health and well-being and sustainability and a truly unparalleled team of nearly 40,000 colleagues around the world, we remain very optimistic in a strong year to come.

With that, Emily, please open the line for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question today comes from Ben Bienvenu from Stephens.

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

So I've got one long-term question with regards to your announcement yesterday around SAF, and then I want to ask a clarifier on the guidance as well. So on the announcement yesterday, congratulations. A couple of questions. One is when you think about the total opportunity for SAF, obviously, the embedded demand is significant given SAF seems like one of the most pertinent ways to reduce greenhouse gas emissions in the jet fuel market. The economics for producers, though, are unclear at this time. So I'm curious, as you think about engaging with Gevo on this partnership, one, what got you comfortable to commit these facilities to this end market ultimately?

And then help us think about kind of the evolution of how the agreement will mature because it's a memorandum of understanding. Why did you go with that initially versus a more legally binding agreement? And then if you could just talk just bigger picture about how you feel about the ultimate demand and the implications for the ethanol markets, that would be helpful. I know a lot in there, but I'd love to hear you talk about it.

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

Thank you, Ben. Yes. Listen, we've been looking at options for the dry mills for a very, very long time. So we've been studying the opportunities for the ADM shareholders to -- as we try to divest these assets.

Certainly, when we look at the sustainability trends and the opportunities, remember, one of the issues with these assets are they are very large, which become -- which became a little bit of an issue at the time of divesting them. So we were looking for opportunities that are sizable, where that size turns into a competitive advantage. So certainly, when you look at all industries trying to decarbonize, the aviation industry is a massive industry that contributes to CO2. And we have identified and we have checked with partners, strategic partners, people in the industry that SAF is the solution.

And I think we see also concurrently that both the U.S. and the European governments are looking at SAF and are trying to incentivize the demand for that. So you heard President Biden or Secretary Granholm making statements about that. So we see a very positive environment developing for this, a very sizable addressable market for us. And when you combine our size with our raw material procurement and our cost and the ability to decarbonize based on our carbon capture and sequestration that, as you recall, we've been running since 2017, allows that complex to provide very competitive low-CI fuels for the industry.

©2021 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

There are going to be a lot of discussions from here on. That's why -- but this is significant for us so we decided to announce this. There is -- there are many opportunities and options here. So we have announced what potentially could happen, which is the creation of these 2 joint ventures. In one of those joint ventures, ADM's contribution will be the 2 dry mills as our objective is, as you know, to deconsolidate these two.

So again -- but still, many discussions to happen and many, many partners to join us into this. We are thinking over time to have a minority position in this and having probably strategic or financial partners to join us. So -- but overall, you can be assured, this is a better outcome for our shareholders in terms of the realization of value from these 2 drivers. So we're very excited about the opportunities.

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

Okay. Great. My next question is a clarifier and then a discussion, if you can, on kind of 2022. First, Ray, did I hear you say on the Ag Services and Oilseeds for the fourth quarter, you expect it to be higher than the third quarter, but you didn't say higher than the fourth quarter last year. Is that -- are those kind of the goalposts we should be thinking about? That's part one. And then question 2 within that is export demand looks strong for next year. Obviously, renewable diesel is continuing to gain steam. How do you feel about Ag Services and Crushing and that broader Ag Services and Oilseeds segments as we go into 2022?

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

Yes. So Ben, listen, as we think about Q4 for ADM and when we say we expect a strong Q4, we look at strong crush margins. Demand is strong for proteins, but also the demand for oils is very strong and tight, and then you add RGD on top of that. We are facing an improved ethanol environment as we enter the Q4. We are estimating exports from the U.S. in volumes similar to last year. So -- and if you think about the capacity situation last year, we didn't have reserve this year. Unfortunately, one of our competitors' plant is down because of Ida. So kind of about the same situation.

And then we continue to see Nutrition growing at 15% to 20%. So of course, we have inflation, we have energy issues that the team is dealing with it and trying to mitigate, but we are coming into Q4 and into Q1 with a strong momentum. If you look at Q1, we feel very strong about crush margins. Our export window, given that in September, we didn't export that much, is probably going to be extended into January and February, a little bit like -- maybe even longer than last year. So we're still very good at the moment. But again, with an environment that there are supply chain issues, there are energy inflation rising, so we will have to manage all that. But from a demand perspective, we feel very good about it.

Operator

Our next question comes from Luke Washer from Bank of America.

Luke Emerson Washer - *BofA Securities, Research Division - Research Analyst*

So I just wanted to ask a quick question and follow up on Ben's. You mentioned that with the Peoria facility and this new MOU with Gevo, you've done a lot with your ethanol assets. So just a clarifying point, are -- is your strategic review of the ethanol assets completed? Are you still thinking about how you're looking at your fuel ethanol capacity even in your wet mills? Or how has your thinking now evolved?

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

Yes. No, I would say that the conclusion of the strategic review ended in the best option for Peoria was to divest it, which we're going to basically shed about 135 million gallons of our ethanol capacity. And then we are taking about 2/3 of all our ethanol capacity in this MOU with Gevo, exploring options to transfer that into sustainable aviation fuel, and again, in the process, deconsolidating because we're going to be contributing these 2 joint -- 2 assets to the joint venture.

©2021 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

So -- but of course, we're going to have some exposure to ethanol on a long-term basis because we still own the wet mills. But what you have to think about it is that in our analysis, the supply-demand fundamentals change for ethanol. First of all, remember, we always said we didn't like the undifferentiated nature of dry mills. In wet mills, we have more options to protect margins and to protect returns.

But second is by taking all this capacity out of the market basically, the 900 million gallons in about [3-4] (corrected by company after the call) years are going to move from vehicle ethanol to SAF feedstock, then we think that supply-demand fundamentals and the margin environment of ethanol will change. So we feel that, that concludes our strategic assessment. Of course, we need to now execute on this transaction. We still have a lot to be discussed.

Luke Emerson Washer - *BofA Securities, Research Division - Research Analyst*

That makes sense. And then just staying on Carbohydrate Solutions quickly. Ray, I believe you said that operating profit in 4Q will be comparable to 4Q of last year. Now ethanol margins have certainly gotten a lot better, and it looks like you believe that they will continue to be pretty good in 4Q. So when I think about the Starches and Sweeteners side, it would seem that you're seeing quite a bit of maybe margin compression or at least lower operating profit. Is this just a function of you having higher input costs? And then how are you thinking about what you're selling some of your sweeteners at or starches that will offset some of that margin pressure potentially?

Ray Guy Young - *Archer-Daniels-Midland Company - Executive VP & CFO*

No. You're right. We're going to have some higher input costs, which is energy costs, and particularly over in Europe. So that's a little bit of a headwind. At the same time, you're right, in the ethanol margins that we're seeing right now, the market are extremely healthy. And that's just reflective of a very tight supply-demand situation right now. And industry inventories have fallen down to 20 million barrels right now.

And when you take a look at driving miles and gasoline demand, we're basically back to pre-pandemic levels of demand again. And so on the positive side, I would have to say the ethanol margins are pretty robust.

On the issue of sweeteners and starches, what's interesting is, while a lot of people kind of focus on the HFCS side of the business, the other parts of our business are doing extremely well, the non-HFCS business, for example, citric acid demand. It's extremely strong. Starches demand, extremely strong.

So when we put it all together, that's the reason why we provide the guidance that there are some puts and takes, but we expect our fourth quarter for Carbohydrate Solutions to be similar to where we were last year.

Operator

Our next question comes from Ken Zaslow from Bank of Montreal.

Kenneth Bryan Zaslow - *BMO Capital Markets Equity Research - MD of Food & Agribusiness Research and Food & Beverage Analyst*

The investments that you've made, there's several -- the 75% in the pet business, the LG Chem, the Acies Bio, all -- so how much capital have you deployed to this? What is the return expected on these? I'll leave -- I'll start there and then I'll ask a follow-up to that.

Ray Guy Young - *Archer-Daniels-Midland Company - Executive VP & CFO*

Yes. I mean I think we haven't disclosed the amount of capital in terms of the LG Chem. I mean that's still being discussed right now in terms of how the partnership will form on lactic acid and polylactic acid. The Acies Bio is not that significant.

©2021 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

The big investment that you mentioned here is really the P4, the PetDine investment, the pet food company. And again, we decided to invest 75% into it, right? So therefore, I think we've kind of managed that capital there.

So the total invested capital on these recent announcements, actually, it's far less than $1 billion, far less than $1 billion. And this is consistent with the kind of the bolt-on type of investment numbers that we've talked about in the past, Ken.

Kenneth Bryan Zaslow - *BMO Capital Markets Equity Research - MD of Food & Agribusiness Research and Food & Beverage Analyst*

And then also the Sojaprotein. But if I take that and then -- Juan, you said that in 2022 for Nutrition, you're still expecting that 15%, and then you kind of brought it up a little bit to 15% to 20%, which is always nice to hear. But if you're adding less than $1 billion, but it sounds like more than a bread box, a breadbasket, is that number going to start to accelerate relative -- and not that 15% to 20% is a bad number. It just seems like you're starting to put more capital to work. Would we start to see that number accelerate at what year? And what type of returns are we expecting? Or is it just not enough to make a difference? I'm just trying to kind of cement that in my head.

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

Yes. Certainly, Ken, we will see acceleration based on these investments. When we talked about our plan, our plan of 15%, that plan was not contemplating any significant acquisitions, and we were thinking in getting to about $1 billion OP in a couple of years. So that trajectory continues and will be accelerated with some of these deals.

Some of these deals, you have to understand, are just bolt-ons where we plug some capacity where we don't have, like in Sojaprotein, things like that. And some other ones become more platforms that actually give us a pivot to accelerate even more our growth rates.

So -- but we will continue in an investment phase on Nutrition because the opportunities are there. Our customers are reacting positively to our value proposition. And we see our pipeline and our quarterly wins continue to grow. So as long as we can post numbers of revenue growth in the 15% range and OP growth in the 20%, right, we know it's a good deal for the shareholders. So we're very pleased with the direction.

Kenneth Bryan Zaslow - *BMO Capital Markets Equity Research - MD of Food & Agribusiness Research and Food & Beverage Analyst*

I have one other big-picture question. Juan, you outlined, and every year you do it, the -- in your press release, 8 consumer trends that are -- you believe is going to be the future of where we're going. This one, you laid out 8. When you think of your portfolio, what percentage of your portfolio do you think targets those 8 today? And then when I think about it in 3 to 5 years, what percentage of your portfolio will target those 8 items?

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

Yes. That's a very good question to which we will provide more granularity at the December 10 Investor Day. But I will say, in general terms -- and that's where you're seeing us working on the evolution of the Carbohydrate Solutions portfolio. Probably the Carbohydrate Solutions portfolio because it has the big assets. It's the one more difficult to adjust to some of these. We think that Ag Services and Oilseeds and Nutrition are much more aligned to that. And now that we are evolving the portfolio of Carb Solutions, we feel that the significant percentage of ADM in a couple of years will be aligned towards these trends, which makes us very optimistic about the future. We are very well positioned for all these long-term trends.

Kenneth Bryan Zaslow - *BMO Capital Markets Equity Research - MD of Food & Agribusiness Research and Food & Beverage Analyst*

But in the Analyst Day, you'll provide some level of percentages or something to give some context to it, like, "Hey, by 5 years, we'll be at 25% or 30%" or some context that shows the progression of that? It sounds like it's an important part of how you're thinking. So I just hope that you do that. We appreciate it.

©2021 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

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

Yes. We will provide that granularity. Thank you.

Operator

Our next question comes from Michael Piken from Cleveland Research.

Michael Leith Piken - *Cleveland Research Company - Equity Analyst*

Yes. Just wanted to touch base a little bit just to understand a little bit better your outlook for exports. You mentioned that you think the outlook for China and their grain demand is going to be strong. Could you quantify what you think for their corn and soybean exports for the next year and then also the U.S. share of what's going to go to China?

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

Yes, Mike. Listen, we still believe that protein demand is very strong. And when we look and we check with our team in China, we still believe that China will need to import about 100 million tons, give or take, of soybeans and about 25 million tons of corn. So of that corn, the majority will come from the U.S., a little bit from Ukraine.

So we think that the volumes, although maybe slightly in a different way than last year, right now, consumers are a little bit more short term, more hand to mouth, if you will, because they were expecting from a little bit of a correction in prices as we were hitting the harvest. But we've seen Chinese buyers come to the U.S. in the last few weeks, and we feel very good about this export season.

You have to remember that we were in a tight situation from a supply-demand perspective given these import numbers. And then when you add that some of that capacity has been taken out, this will make it for a tight export season. That will probably have rolled forward maybe a month since in October -- at the beginning of October, we -- all these facilities, we're still trying to recover power.

Michael Leith Piken - *Cleveland Research Company - Equity Analyst*

Great. And then my follow-up is just -- it seems like right now, there are shortages of fertilizer and maybe glyphosate. What is your expectation for -- in Brazil or even in the U.S.? Like do you think we're going to be able to have enough fertilizer to plant crops around the world? And what does that mean for your fertilizer business? But more broadly speaking, are you worried about being able to get enough crop planted around the world? Or how -- what's the workaround from that?

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

Yes. Listen, at this point in time, it's a matter of price. Of course, natural gas has driven this up. Different situation when you are in Europe than you are in North America. So North America is paying like $5 to $6 for natural gas; Europe, is paying maybe $30 But I would say, at this point in time, it continues to be available for farmers, only at higher prices.

And we haven't detected a big shift in acreage from one to the other. It is still a little bit early from a planting intentions. And you could think that potentially could be a shift from corn to soybeans, but it's not clear yet. And probably the numbers today are a little bit of a toss-up for the farmer on what to go. So probably over the next couple of weeks, we will have more clarity on if there is any shift in acreage for next year.

©2021 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Operator

Our next question comes from Tom Simonitsch from JPMorgan.

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

So you just opened a flavor production facility in China to serve as a supply hub in the region. What is your outlook for Nutrition in Asia Pacific compared to other regions? You've called out APAC as an area of weakness in both Human and Animal Nutrition in the last couple of quarters. So how much of that relative weakness is down to ADM's current capabilities in the region as opposed to broader market conditions?

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

Yes. You are right, Tom. I think that we've been very proud of being -- or having these growth rates in Nutrition, but this mainly have been happening on the developed parts of the world, if you will, in which developing markets exposure is still relatively small for ADM, whether we're talking about South America or Asia Pacific.

So in Asia Pacific, we've been players in flavors for a while, and this is just an expansion. This is just about an hour away from a big center of consumption. So we feel very good from a raw material perspective. We feel very good from an access to a big consumption base, and this will be very important for our customers.

Our participation in Asia was limited to one plant for flavors and about a handful of plants for Animal Nutrition. And we continue to build that position in Animal Nutrition. We feel very good about it. And then with this opportunity in flavors, we will enhance our capabilities, not just production but also market development capabilities for customer innovation centers.

So you will see us going and putting more flags on the world in the developing areas, whether it's Asia Pacific or South America, as we need to go and support our global customers. These are our customers that we do business every day here, and some of them are represented there. But also, we have a lot of new local customers that are requiring these capabilities. So it's just a natural evolution of the business, if you will.

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

And just following up on SAF, what is your operating plan for the 2 dry mills between now and 2025 when that SAF production is expected to come online?

Ray Guy Young - *Archer-Daniels-Midland Company - Executive VP & CFO*

Yes. We expect to continue to operate those plants. I mean, naturally, as you get closer to 2025, there's going to be probably some construction around that area. There'll probably be some transition. But as we kind of look out over the next couple of years, we do expect that driving miles are going to -- are coming back. We're seeing tight S&D right now in terms of our industry. We're seeing, frankly, the rest of the world is starting to recover from the pandemic. So we expect rest of the world driving miles to start recovering. And so therefore, there is a lag in terms of recovery of exports of ethanol from the United States to the rest of the world.

So I think over the next couple of years, I think you're going to continue to see some level of demand recovery from outside the United States for ethanol. And then even China, as we've talked about, I mean, they're focused on the environment, on energy. So you could actually see China returning back to the markets. And we've seen a little bit of that already.

©2021 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

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

Tom, let me clarify from an operating perspective. We're not going to be doing anything to these dry mills. The dry mills will produce ethanol. And then there is downstream technology and capabilities that Gevo brings to the table to transform them into SAF. But those 2 plants will continue to produce ethanol as they are. We are not planning to invest capital into that. Our contribution is those 2 plants, and then Gevo takes it from there from a downstream perspective.

Operator

Our next question comes from Ben Theurer from Barclays.

Benjamin M. Theurer - *Barclays Bank PLC, Research Division - Head of the Mexico Equity Research & Director*

Congrats on the results. Just 2 quick follow-up questions. So one on Ag Service, and I understand your commentary around the expectation into the fourth quarter, but just trying to maybe get a little bit of a sense differently. So clearly, you had some implications in the third quarter because of Hurricane Ida, and you expect some of those effects to reverse in coming quarters. Are you comfortable enough that those are almost immediately reversing and benefiting your fourth quarter, so to speak, have a chance to get somewhere close to where it was last year? So that would be my first question.

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

Yes. I would say we expect a strong quarter for Ag Services in this year. And you have to understand, when we're talking about momentum and fundamentals, sometimes at the end of the year, it becomes complicated because there could be margin expansion, margin contraction here. And the accounting rules make sometimes that we need to report some profits into Q4 or into Q1, and we need to respect that.

When we're talking what we can determine from middle of October, which is today, is the fundamentals of the market. And demand is strong, and the export capacity was tight starting into this. We have recovered, and we started to see our order book filling up for that. So we feel good about it. But again, it's difficult to call it sometimes Q4 versus Q1 because of the accounting rules. And we can't determine that now. We have to determine that at the end of the year.

Benjamin M. Theurer - *Barclays Bank PLC, Research Division - Head of the Mexico Equity Research & Director*

Okay. Perfect. And then if we take a look at the Nutrition business, and you've highlighted it in your prepared remarks, obviously, the very strong performance on the Animal Nutrition side, almost doubling operating profit. But then Human Nutrition on the other side, growth was just in the high single digits. Could you explore a little more on the details of what were the issues for the maybe a little lower than what you would want to see growth in Human Nutrition? Was it more of an impact because of input cost pressure, where you just didn't pass that on significantly in the way you would have wanted to? Or are there certain demand issues still in certain areas? Just to understand a little better what's been driving the growth in Human Nutrition offsetting some of the growth that way better.

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

Yes. Well, if you look at Human Nutrition for the quarter, we grew about -- revenue about 12%. I mean it's actually a pretty good number. And I think if you look at our EBITDA margin on sales, we were able to maintain that EBITDA margin on sales.

So when you grow twice the industry clip, if you will, and you maintain margins, so I was pretty satisfied. Of course, it's not the spectacular maybe improvement year-over-year than Animal Nutrition have, but it's because Human Nutrition has been more stable in doing this. In Human -- in Animal, we're still going through the Neovia integration and all those things.

©2021 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

But no, I don't think it was a weak quarter at all, actually. I think, as I said, we continue to grow maybe twice the industry rate and maintaining very robust EBITDA margins on sales. So EBITDA margins on sales for flavors are north of 20%. And we've been able to maintain despite our pressure in raw materials and all that. So no, I think it was -- we're very satisfied with the result, very satisfied.

Benjamin M. Theurer - *Barclays Bank PLC, Research Division - Head of the Mexico Equity Research & Director*

Well, congrats again.

Operator

Our next question is from Robert Moskow from Credit Suisse.

Robert Bain Moskow - *Crédit Suisse AG, Research Division - Research Analyst*

Just a couple of cleanup questions. Can you talk about your pricing outlook for corn sweeteners? It would appear that corn prices have been on kind of a rollercoaster that they're down off their highs. How is that impacting negotiations for next year? And then I had a follow-up on the pea protein market.

Ray Guy Young - *Archer-Daniels-Midland Company - Executive VP & CFO*

Rob, it's Ray here. So the contracting season is underway. And we expect HFCS volumes and margins for [EM] to remain strong in 2022. Clearly, there's been some volatility in terms of corn prices. And that's -- frankly, the input costs will get reflected in terms of our contract pricing. And we do expect contract pricing to be higher next year compared to this year.

Volume-wise, we do expect volumes for '22 to be similar to what we've seen this year. We are seeing a recovery in terms of the food service sector. When I look at Carbohydrate Solutions in total, I mean, actually, HFCS is one component, but non-HFCS is actually a very important component as well. And we've seen non-HFCS product pricing being pretty attractive with a good margin upside. And that's just reflective of really a strong demand environment for citric acid, for starches, for dextrose and other products. So that's another important factor when you take a look at Starches and Sweeteners results.

And then when we look at Carbohydrate Solutions business in total for 2022, as I indicated earlier, we do think that the biofuel part of the business should be actually quite positive when you compare kind of what we think the fundamentals will be for next year compared to this year. So when you put it all together, we do expect Carb Solutions to have another strong year in 2022.

Robert Bain Moskow - *Crédit Suisse AG, Research Division - Research Analyst*

Okay. And then a follow-up on pea proteins. You mentioned, I think, alternative protein briefly. I thought I had heard that the pea crop in Canada was kind of weak. But my perception is that, that doesn't matter that much to processors like yourself. But maybe you can help me understand whether it does or it doesn't. And how much volume are you doing in that market for the alternative meat end market?

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

Yes. Rob, we have an Enderlin facility. And we feel very good about that business, actually. Specialty Ingredients systems and pea protein are driving a lot of the upside that we see in some of these new verticals. And both businesses are relatively new. They have almost no revenue in 2020 for us. And they are providing alternative solutions to customers. We have a strong customer interest in these areas. And everybody wants to differentiate so everybody wants their own formulation.

©2021 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

So at this point in time, soy is the main driver for us. So pea is a little bit like an additive or a supplement or a differentiator. So from a volume perspective, it's not a big impact. So we haven't felt any impact in our plan at all.

Operator

Our next question comes from Vincent Andrews from Morgan Stanley.

Vincent Stephen Andrews - *Morgan Stanley, Research Division - MD*

Juan, just wanted to ask you on the LGM -- LG Chem, excuse me, the LG Chem JVs. Why is it set up in 2 JVs rather than just sort of one integrated production of lactic acid and then into PHA? What's the thought process behind having sort of an upstream and a downstream setup?

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

Yes. This is a matter of where the expertise of each company lies. And to be honest also, we want to be as asset light as possible. So in areas where LG is dominant, and they're going to build that downstream capacity.

When we think about biosolutions, our objective, Vince, is to make maybe the first derivative, so the first liquid, if you will, and that to have an ownership position. But when we start making chemicals or other products that require application technology and all that, we cannot become a chemical company. So in that, we'll let the partner take a predominant position.

So we make corn grind plus one, if you will, and then we let our partners take it from there. It's just a matter of optimized capital for us and not invest in areas where we are not -- that are not core for us. Core areas for us will continue to be food and feed and beverages. When we go into these materials, if you will, we're going to produce one liquid that makes sense, and then we have the partner doing the rest.

Vincent Stephen Andrews - *Morgan Stanley, Research Division - MD*

Okay. I get it. It sounds like once we get the full details of the agreement, we'll see where the economics are set up, and it will make sense that your investments will be in your sort of center-plate focus and theirs in theirs.

As a follow-up, on the fertilizer issue, obviously, there's availability concerns, but it seems like what's happening is that the high prices are deferring fertilizer purchases, particularly in South America and Aprosoja, the big soy groups, the outsider farmers to buy less fertilizer, et cetera. And to your slide showing that farmer sales are, I guess, at a 5-year average, which is probably okay, but they're well below last year and probably the year before. So what impact does that have on your origination business? If the farmer is slow to sell the beans or if they buy less fertilizer, then you may hold on to more beans because they want to keep the FX -- keep their dollars. So how do you think about that playing out for you moving into next year?

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

Yes. I would say South America is always an issue with a little bit more factors in terms of the farmer selling just because of the currency and the distortion that sometimes the government brings into the market. So at this point in time, we continue to see maybe a relatively slow farmer selling in Argentina, and that will probably continue. It's been a little bit better in Brazil recently but still relatively slow versus the accelerated pace at which they sold last year. So...

©2021 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Operator

Our next question comes from Vincent Anderson from Stifel.

Vincent Alwardt Anderson - *Stifel, Nicolaus & Company, Incorporated, Research Division - Associate*

I would like to continue in Vincent's line of questioning on PLA. Maybe just approaching it from a little bit of a different direction, knowing that the agreement still has to be finalized. But philosophically, it sounds like you're maybe trying to prioritize getting incremental return out of your core competency in fermentation technology but maybe limiting direct participation in the PLA market. And I asked just because that is a bit more of a commodity business than it feels like you've pushed more of your investments to recently.

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

Yes. I think that, as we said, we're trying to -- I think as you said, we're trying to optimize our facilities and attach those facilities to demand that has more growth opportunity. In this issue, again, we don't want to go into making chemicals. That's a heavy capital intense -- and intensive industry, and we want to make one derivative and then reserve all that capital to continue to grow in food, feed and beverages and health and wellness. That's what we're trying to do.

So LG Chem is a great partner. We're very honored to have them. They have very good technology. And it's a little bit like the Gevo discussion. We're going to continue to make ethanol. They will take it from there to make SAF. And with this partnership, we're going to make lactic. They're going to take it from there to make PLA. So it's kind of a similar mindset.

Vincent Alwardt Anderson - *Stifel, Nicolaus & Company, Incorporated, Research Division - Associate*

That's perfect. And then just a quick point of clarification. If I understand the phrasing of the MOU announcement, it sounded like you're considering investing in lactic acid capacity that would maybe exceed LG's needs and then you would market the remaining product yourself. Is that correct? And could you just talk briefly about the opportunity there as a stand-alone investment?

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

Yes. Listen, part of that is correct. I mean lactic has -- it can go to many opportunities. But this is relatively early on. The teams are looking at this. There is a lot -- there are a lot of numbers. There are a lot of things that could still change. There are a lot of discussions. So I wouldn't like to venture that much since the teams are still discussing with LG Chem, and we need to create this.

This -- but this is a start, if you will. All these companies that are promising decarbonization by 2050, 2060, 2040, whatever that is, as they are looking back at their portfolio, they need to clean their portfolios, if you will. And one of their ways to do that is through recycling. The other way to do it is to going plant-based. So we are receiving a lot of inbound requests on that. And we're looking at our assets, our ability to produce plant-based products and our carbon capture and sequestration that provides an opportunity to make lower-CI products.

And we are trying to maximize the opportunity for ADM on all these. So some of these things may not be that well defined because we are in the process of optimizing all that value for the ADM shareholders. But it's a great opportunity for us. And we will be mindful of returns, and we're not going to veer into areas that we shouldn't be putting capital. The capital will be reserved for our main thrust of the strategy, which is to continue to grow in food and feed and beverages.

Operator

Our next question comes from Eric Larson from Seaport Research Partners.

©2021 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Eric Jon Larson - *Seaport Research Partners - Research Analyst*

Congratulations on a good quarter. So Juan, the one question that I have for you is related to Gevo and kind of the whole transaction. And I know that one of your -- maybe not to put a bad word in it, one of your dislikes that you've had with ethanol over the years is the extreme volatility of the earnings and some of the factors, your lack of ability to control some of those factors. And when we talked about the dry mills in the past, one of the things was trying to reduce your earnings volatility.

So in the economics of how you've -- we don't know much about the economics that you have here with SAF. But have you been able to -- do you think you've been able to ink an agreement that actually gives you more sustainability or, I guess, less volatility of earnings on the economics of SAF going forward relative to ethanol?

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

Yes. Eric, you're correct that returns are important to us but also dampen the volatility is in the mind of everything we do. So of course, the team is considering that. I can't disclose that much at this -- early on. But I think what you need to also think is that over time, we will try to become a minority partner in all this. And the objective of all this is to deconsolidate and take all those assets out of our participation.

So to a certain degree, we are acting here as a facilitator to create this. But in reality, we don't want to be owners long term of this. That's why I talked before about strategic partners or financial partners. I think we're going to be able to deconsolidate. We're going to be able to monetize some amounts and if there is some upside to that, hopefully participate in all that. But you are correct. The objective is not to participate in things that add to volatility but actually that dampen volatility. And we've been very consistent in that over the last 10 years.

Eric Jon Larson - *Seaport Research Partners - Research Analyst*

Okay. No, that is a lot different clarification. That helped me a lot. So when you look at the size of your dry mill investments, there -- those are relatively new assets, but I guess, they're probably 8 to 10 years old already. So you've probably depreciated them pretty significantly already. Is your contribution to the JV putting those assets in there? Or would you expect to see maybe a modest capital return as part of that JV agreement as well?

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

One of the reasons, Eric, that we landed in this option is that the valuation of our assets, I mean, is better than the alternative that we have. So we are pleased with the value at which we are contributing these 2 assets. We don't need or we don't plan to add any CapEx to hold these 2 plants. These 2 plants will be contributed as such, and they will operate, as I said, as such. Then the joint venture or Gevo may put money for finishing of these and to convert it into ASF (sic) [SAF] through their technology. But our participation stops in the contribution of these 2 dry mills as they are.

Operator

Our last question comes from Adam Samuelson from Goldman Sachs.

Adam L. Samuelson - *Goldman Sachs Group, Inc., Research Division - Equity Analyst*

So Juan, a lot of grounds have been covered, so I'll try to make this quick. On the SAF MOU, can you just maybe clarify just some of the gating factors of what you'd be looking for on the regulatory side to really move ahead here? Obviously, SAF doesn't participate today in the RFS or in California programs. So what would you want to see in terms of federal or state action on SAF before you really fully commit to going ahead?

©2021 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

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

Yes. Listen, we have experience in both the U.S. and the European Union, a strong desire to make this a reality. There is not another efficient way to decarbonize the airlines industry, the aviation industry. Of course, only short hauls, you can put a battery in a plane; long hauls, it's something like this. So we expect the governments to be a partner to a certain degree in creating some of these markets.

Some of those things are too early for me to disclose. But there are commitments both of the U.S. government and the European Union to create a market for that in the 50 billion gallons type of size. So there's going to be some help into that. But that's probably to the extent that I can talk about it right now.

Adam L. Samuelson - *Goldman Sachs Group, Inc., Research Division - Equity Analyst*

Okay. And then just quickly on the balance sheet, maybe this is for Ray. At the end of the quarter, net debt to EBITDA was sub-2x. You haven't bought back any stock this year. Just help us think about how we think about stock buyback as part of the capital allocation mix going forward.

Ray Guy Young - *Archer-Daniels-Midland Company - Executive VP & CFO*

I think that as we -- we've been monitoring commodity prices very carefully. And when you look at our operating working capital right now, it's still $2 billion higher than we were last year. So as we think about commodity prices next year, assuming you have a strong South American crop, you have a normal crop in the United States, you see commodity prices coming off again, after we've kind of funded some of the bolt-on acquisitions that we talked about, I expect our balance sheet to be pretty strong. And so there, we can probably start looking back at return of capital that we've looked at in the past.

So I think a lot of it is a function of funding the investments that we talked about, but importantly, making sure that the working capital environment reverts back to normalized levels, which I think [ascends]. Assuming a normal South American crop, a normal U.S. crop next year, I see opportunities to look at return of capital.

Operator

This now concludes our Q&A session, so I'll now turn the call back to Mr. Luthar to conclude.

Vikram Luthar - *Archer-Daniels-Midland Company - Senior VP, Head of IR & CFO of Nutrition*

Thank you. As Juan mentioned, he, Ray and other ADM leaders will be headlining our December 10 Global Investor Day. We look forward to talking in more detail about our strong growth trajectory and why we are so optimistic about the opportunities ahead. In the meantime, as always, feel free to follow up with me if you have any other questions. Have a good day, and thanks for your time and interest in ADM.

Operator

Thank you, everyone, for joining us today. This now concludes today's conference call. Please now disconnect your lines.

©2021 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

DISCLAIMER

Refinitiv 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 REFINITIV 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.

©2021, Refinitiv. All Rights Reserved.

©2021 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

