Archer-Daniels-Midland
FQ1 2024 Earnings Call

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Presentation

Operator

Good morning, and welcome to the ADM First Quarter 2024 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, Megan Britt, Vice President, Investor Relations for ADM. Ms. Britt, you may begin.

Megan Britt
Vice President of Investor Relations

Hello, and welcome to ADM's First Quarter 2024 Earnings Conference Call. Our prepared remarks today will be led by Juan Luciano, our Board Chair and Chief Executive Officer; and Ismael Roig, our Interim Chief Financial Officer. We have prepared presentation slides to supplement our remarks on the call today, which are posted on the Investor Relations section of the ADM website and through the link to our webcast.

Some of our comments and materials may constitute forward-looking statements that reflect management's current views and estimates of future economic circumstances, industry conditions, company performance and financial results. These statements and materials are based on many assumptions and factors that are subject to 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. 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.

I'll now turn the call over to Juan.

Juan Ricardo Luciano
Chairman, CEO & President

Thank you, Megan. Today, ADM reported first quarter adjusted earnings per share of $1.46, adjusted segment operating profit of $1.3 billion and a trailing 4-quarter average adjusted ROIC of 11.2%. Our first quarter operating cash flow before working capital was $900 million. In a year where the buildup of grain and oilseed supply is expected to create pressure on margins, our teams are proactively taking action to manage through the cycle, driving structural earnings, ROIC and cash flow generation. Our strong performance and disciplined management of our balance sheet continue to allow us to invest in our business and return cash to shareholders.

Next slide, please. Last month, we laid out three priorities for value creation in 2024: one, managing through the cycle; two, Nutrition recovery; and three, enhanced return of cash to shareholders. We made progress on each of these priorities in the first quarter. Our efforts to manage through the cycle highlight ADM's ability to mitigate challenging headwinds while building structurally on enduring global trends such as sustainability.

To share a few examples of progress in the first quarter. We have been ramping up production at our Green Bison joint venture with Marathon with increased volumes and utilization in April, and we're expecting to be a sustained full run rate for harvest this fall. We are continuing to evolve the Carbohydrate Solutions business through decarbonization, driving nearly 10% volume growth in BioSolutions in Q1 while managing solid demand across the core business. Driven by increasing demand for sustainably sourced feedstocks and solutions, we are announcing today that we not only exceeded our 2023 goal of 2 million acres in our regenerative ag programs, we have also increased our 2025 acreage goal, from 4 million to 5 million acres. This growth highlights the leadership role ADM is playing across the regen ag landscape, which is built upon the long-standing relationships we have with our more than 200,000 farmers partners.

The drive for excellence program is focused on uncovering efficiency and effectiveness opportunities across ADM, taking action to improve outcomes and deliver cost savings. To date, we have generated a pipeline of nearly 1,200 validated proposals. Many of these are already delivering results. For example, colleagues in Thailand have developed chatbot to automate processing of thousands of logistic transactions previously done with the manual process, reducing errors and dramatically improving operating performance. Colleagues in Spain have released capacity in our Valencia extract facility by more than 35% by adjusting the extraction timing. These projects or more like these will support us in achieving our aggressive cost savings objective of $500 million over the next 2 years.

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Moving to Nutrition. The team is focused on actions across all areas of planned recovery, and we've seen expected sequential improvement coming out of the fourth quarter. The impact of these actions will accelerate in the back half of the year, consistent with what we mentioned in the last earnings call. Let me provide a few examples of progress we're making across the targeted areas. Our focus on operations and supply chain has helped us debottleneck some of our demand fulfillment challenges, particularly in EMEA Flavors, where the team has rallied to adjust our fulfillment processes following the go-live of One ADM and improved volumes delivered sequentially. We are leveraging our improved M&A playbook to support the integration of our most recent flavor acquisitions and now forecast better results than the initial deal model estimates. To increase speed, agility and responsiveness to customer needs while delivering more wins across each market segment, we have fine-tuned our go-to-market and CoE organizations to best align to demand.

Looking to our capital allocation efforts. We have maintained our balanced capital allocation approach while leveraging excess cash flow for enhanced returns to shareholders. We returned a significant amount of cash to shareholders to date, as we repurchased more than 20 million shares. As mentioned last month, our focus for excess capital deployment will remain centered on the shareholder. In summary, we are making measurable progress across each of our 3 major priority areas in 2024, which is setting us up well to navigate the market headwinds we are facing this year and deliver in line with our expectations.

I would now like to turn the call over to Ismael for more detail on the first quarter financial results. Ismael?

Ismael Roig
Senior VP & Interim Chief Financial Officer

Thank you, Juan. Let's start on Slide 6, which provides overall segment operating profit and EPS for the first quarter of 2024. Adjusted segment operating profit was $1.3 billion for the first quarter, a 24% decrease versus the prior year. At a high level, operating profit was primarily down year-over-year in Ag Services and Oilseeds and Nutrition. In the Other segment, which includes ADMIS and captive insurance, we had a 25% increase in operating profit.

Adjusted earnings per share were $1.46 for the quarter. Lower pricing and execution margins, primarily driven by margin normalization in the AS&O business led to a $1 per share decrease. This includes lower mark-to-market impact in AS&O of approximately $0.38 per share. Our enhanced focus on operational excellence and improving the reliability of our assets as well as the ramp-up of our Green Bison JV, led to volume improvement in the AS&O segment, resulting in a $0.20 per share increase in EPS versus the prior year. Lower manufacturing costs and input costs led to a $0.15 per share increase versus the prior year, partially offset by negative impacts associated with unplanned downtime at our Decatur East facility.

Higher equity earnings, primarily related to Wilmar, attributed a $0.07 per share increase versus the prior year. Increased corporate costs related to the One ADM implementation and legal fees drove a decrease of $0.11 per share versus the prior year. In Other, benefits from share repurchases more than offset negative impacts related to a higher adjusted income tax rate, leading to a $0.06 per share increase versus the prior year.

Moving to Slide 7. Let's look at our segment performance for AS&O. For the first quarter, the AS&O team delivered $864 million in operating profit, reflecting increasing headwinds from lower commodity prices and ample supplies, partially offset by improvements in process volumes and manufacturing costs as we enhanced our focus on items within our control. The Ag Services subsegment operating profit was lower versus the prior year, primarily due to the stabilization of trade flows leading to lower global trade and risk management results. Slower farmer selling also negatively impacted export volumes and margins in South America. Crushing subsegment operating profit for the quarter of $232 million was lower versus the prior year. Increased imports of used cooking oil and the anticipation of large South American supplies negatively impacted North American soy crush margins, more than offsetting the benefits from improved process volumes and lower manufacturing costs. There were positive mark-to-market timing impacts during the quarter of approximately $40 million versus positive timing impacts of approximately $240 million in the first quarter of 2023. Refined Products and Other subsegment results were $157 million. Results were driven by weaker North American refining margins due to the increased imports of used cooking oil as well as negative mark-to-market timing impacts of approximately $30 million versus positive impacts of approximately $40 million in the prior year. Equity earnings from Wilmar were $149 million during the first quarter, higher than the prior year.

Moving to Slide 8. Let's look at Carbohydrate Solutions. For the first quarter of 2024, Carbohydrate Solutions segment operating profit was $248 million. The team executed well in a solid demand environment as well as advanced our BioSolutions platform with strong volume growth.

Turning to the subsegments. In the Starches and Sweeteners subsegment, strong Starches and Sweeteners margins in North America were offset by pressured domestic ethanol margins due to strong industry production and elevated stocks as well as moderating

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margins in the EMEA region. In the Vantage Corn Processing subsegment, strong export demand for sustainably certified ethanol supported both volumes and improved margins, leading to an improvement in year-over-year results.

Please turn to Slide 9. Nutrition revenues were $1.8 billion for the quarter. In the Human Nutrition subsegment, strong M&A revenue contributions from our recent acquisitions as well as price and mix benefits in Flavors, were partially offset by lower volumes in plant-based proteins and normalizing pricing in the texturants markets. Our Animal Nutrition subsegment had lower revenues versus the prior year driven by lower pricing and mix. Demand creation has remained strong and provided significant revenue pipeline opportunities. We anticipate steady improvement in demand fulfillment throughout the course of the year, recovering a significant portion of volumes in the second half of the year.

Please turn to Slide 10. While we have room to grow on our commitment to restore the growth trajectory of the Nutrition business, we believe Q1 was an important first step, showing sequential improvement from a challenged fourth quarter, evidencing progress in our operations. For the first quarter, Nutrition segment operating profit was $84 million. Human Nutrition subsegment results of $76 million were lower than the prior year, driven primarily from headwinds in the Specialty Ingredients business due to higher fixed cost absorption at Decatur East and normalizing texturants pricing. Animal Nutrition subsegment results of $8 million were higher compared to the prior year, primarily driven by cost optimization efforts and lower commodity prices supporting margins.

Please turn to Slide 11. For the first quarter, Other segment operating profit was $121 million, up 25% compared to the prior year. The improvement was largely driven by improved captive insurance results on higher program premiums and lower claim losses. In Corporate, unallocated corporate costs increased versus the prior year on higher global technology investments to support digital transformation efforts as well as increased legal fees. Other Corporate was unfavorable compared to the prior year due to an investment valuation loss of approximately $18 million.

Please turn to Slide 12. With healthy cash flows and a strong balance sheet, we have maintained our balanced capital allocation approach, while leveraging excess cash flow for enhanced returns to shareholders. We entered 2024 with momentum, which has allowed us to return $1.3 billion to shareholders via repurchases during the quarter, with $1 billion being executed through an accelerated share repurchase program. We intend to actualize the additional $1 billion of share repurchases approved last quarter throughout the remainder of the year. We still anticipate capital expenditures will be held at a level aligned with depreciation and amortization, focused largely on investments to secure reliability of asset performance through modernization and digitization efforts.

Now let's transition to a discussion on our full year guidance on Slide 13. Our first quarter results were largely in line with expectations, and in turn, our 2024 planning assumptions and EPS guidance remain unchanged. We are raising our corporate net interest expense guidance from approximately $500 million to approximately $525 million, as the Federal Reserve has signaled that the probability of interest rate cuts in 2024 has decreased.

Last month, we mentioned that the global grain and oilseed supply is expected to increase, as anticipated improvements in weather would support larger production levels in key South American countries. With this, we anticipate that commodity prices will continue to ease from the recent highs of the past 2 years and the trade flows will adjust at these locations. As a result, we anticipate the global soybean crush margins would moderate in 2024, likely moving into a range of $35 per metric ton to $60 per metric ton. During the first quarter, the team executed well on a strong forward book supported by meal demand, leading to executed soy crush margins of approximately $55 per metric ton. As we look today, we see that the forward curves reflect the assumption of ample South American supplies and the return of Argentinian production, specifically in Q2 and Q3.

While the supply side certainly has pushed forward curves to the lower end of that range in the near term, we remain constructive from the demand side. We continue to expect vegetable oil demand growth from renewable diesel, as large facilities ramp up in Q2 and Q3, despite the increase in imports of used cooking oil. From the soybean meal side, lower soybean meal prices are incentivizing demand, supporting producer profitability, and in turn, leading to higher inclusion rates.

Now moving to the breakdown of expectations by segment for Q2 2024 on Slide 14. In AS&O, we anticipate the second quarter to be significantly lower versus elevated prior year levels. We anticipate our average global soy crush margin to be towards the lower end of the guided range during the second quarter, as the market balances strong soybean availability against increased crush capacity. We still remain confident in our full year planning assumptions as we move through the seasonally lower middle of the year, as the world pivots to South American production.

In Carbohydrate Solutions, we anticipate the second quarter to be higher versus the prior year, driven by solid demand and margins in North American Starches and Sweeteners, partially offset by moderating margins in wheat milling and international corn milling after elevated results in the prior year period. We anticipate solid demand for ethanol, both domestically and in the export markets, similar

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to the prior year. For Nutrition, the second quarter is expected to be lower versus the prior year as we faced headwinds in Specialty Ingredients. We anticipate to see another quarter of sequential improvement as we continue to make progress in demand fulfillment.

Back to you, Juan.

Juan Ricardo Luciano
Chairman, CEO & President

Thank you, Ismael. Please turn to Slide 15. As you can see, our team is continuing to improve execution excellence across our strategic and operational priorities, which requires a level of agility that is a hallmark of ADM's workforce. We are focusing the organization in a combination of productivity and innovation to help offset increasingly challenging market conditions based on growing commodity supply. Our teams are looking for every opportunity to manage what we can control, remaining nimble to adjust quickly to external circumstances while advancing our strategy.

While we look ahead to the rest of the year, our business priorities in 2024 put us in a position to manage through this cycle. Through the differentiation and evolution of our business models in Ag Services and Oilseeds and carb solutions, our drive for excellence program, the recovery of our Nutrition business and continued focus on shareholder returns, we have confidence in our outlook for the full year.
Thanks for your time today. We look forward to taking your questions. Operator, please open the line for questions.

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Question and Answer

Operator

[Operator Instructions] Our first question for today comes from Andrew Strelzik of BMO.

Andrew Strelzik
BMO Capital Markets Equity Research

I guess I wanted to ask about the interplay between U.S. and South America crops and timing and farmer selling in terms of the implications for crush margins and how you're thinking about that. It's just it seems like you've got some delayed farmer selling out of South America that could push out the timing to which that crop comes to market. And so I guess I'm just curious how you're thinking about the balance there and ultimately, kind of the confidence that you have as we get into the back part of the year, that you see crush margins consistent with your expectations.

Juan Ricardo Luciano
Chairman, CEO & President

Yes. Thank you, Andrew. So what we're seeing in South America at the moment, Brazil has had a little bit of a better selling last couple of weeks from the farmer perspective, given that with the harvest and also some of the devaluation of the real. So we've seen the crush margins there for Q2 improving a little bit around our portfolio of products.

In Argentina, a little bit more difficult to read. You know Argentina with the economic plans and the uncertainty about how the government navigates through the difficult times. There are also a lot of -- even when the farmer may agree to sell, there are some strikes like right now. There are some strikes in Argentina that are popping through every sector of the economy. So a little bit more difficult to predict. But the reality is all that crop will come to the market, and we're starting to see that in crush margins, and you can see that.

So what Ismael was reading in his remarks is that we highlighted a range of crush for the year. We operated in the first quarter, mostly in the higher part of that range. We will move in the second and third quarter, as traditionally happen when South America has a big drop towards the low end of that range. And then we see at the end of the year, September onwards, when we have a crop here in the U.S. where our margins will recover. So that's the way we see the year.

We continue to see a strong meal demand as soybean meal becomes cheaper and it gets more favor in the inclusions, especially when we see some maybe bottom out of profitability from the poultry sector. So that bodes well for our demand. And we have new RGD plants coming on stream in the U.S., whether it's Q2 or Q4, that will bring like another 0.5 million ton more of soybean oil demand for the U.S. And don't forget that Brazil increased their mandate to B14, which represents another 0.5 million tons of soybean oil. So all in all, I think that all that oil demand and meal demand will be important to bring back crush margins to the higher part of the range at the end of the year.

Operator

Our next question comes from Ben Bienvenu of Stephens Inc.

Benjamin Shelton Bienvenu
Stephens Inc., Research Division

So I want to ask, in the Carbohydrate Solutions segment, you point to a pretty robust outlook for the remainder of the year for Starches and Sweeteners. In particular, you call out strong volumes. That's a bit of a recovery from what we saw last year. Can you talk about some of the dynamics that you're seeing around volume and the pace of recovery that you're seeing in volume that makes you call out this year?

Juan Ricardo Luciano
Chairman, CEO & President

Yes. I would say we've seen strong demand, I would say, I don't know, strong or solid demand across all our segments. Margins have been good. We continue to get a lift on margins by the reduction in chemicals, the reduction in energy prices, a little bit better operations of our facilities.

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And I would say the main difference may be versus last year was last year, we have exceptional margins in international milling and also in the corn business in Europe. Those have moderated a little bit. But still, the business remained very strong. So I would say all the Sweeteners and Starches contract for the year, we're pleased with it. And we expect strong exports to Mexico, other countries pulling well. So I would say we feel strongly about having a Q2 that's going to be better than last year.

So all in all, the uncertainty continues to stay on the ethanol side, in which we are cautiously optimistic that the maintenance seasons will balance inventories, if you will, and lift a little bit of margins there. But for the rest of the business, the rest of the business is operating very solidly.

Operator

Our next question comes from Tom Palmer of Citi.

Thomas Hinsdale Palmer
Citigroup Inc., Research Division

I wanted to maybe dive in a little more on refined products. You noted lower biodiesel margin expectation for the year and then in prepared remarks, some pressure from imported used cooking oil. I guess what are you seeing on more of a regional basis when we think about those refined spreads? Is this more pressured in U.S. than other places? And then you did have some timing gains a year ago. We saw a bit of an unwind in 1Q. Just any help on the expected progression of those as we move through 2024.

Juan Ricardo Luciano
Chairman, CEO & President

Yes. So let me deconstruct a little bit the RPO part. The difference in Q1, so results were lower significantly than last year, where we had a record year. Main reason for that is North America, as you described, the imports of used cooking oil negatively impacted North America refining margins.

Actually, in EMEA, our results were higher. We executed on the strong biodiesel margins. And I would say refining there is in line with the prior year, as I would say we had additional volumes that offset a little bit lower refining premiums. South American results in biodiesel and packages, margins are stronger in the current year, supported by the, as I said, the increase in biodiesel mandate. That's 0.5 million tons per year of new demand that really impacted that.

So overall, I think the dynamic will be similar for second quarter, in which you will see refining margins lower in North America and crush margins and refining margins a little bit better in South America.

Thomas Hinsdale Palmer
Citigroup Inc., Research Division

And just any help on the timing unwind?

Juan Ricardo Luciano
Chairman, CEO & President

Yes. Year-over-year, there was $72 million negative of net timing impacts in Q1. So we had a negative mark-to-market this quarter of $30 million versus the previous year, where we had a positive of $42 million. So that's the arithmetic, if you will, of that.

Operator

Our next question comes from Manav Gupta of UBS.

Manav Gupta
UBS Investment Bank, Research Division

My only question is, can you provide the path to the full restart of the Decatur East plant? Like where are we in the restart regulatory or construction, if you could help us out with that?

Juan Ricardo Luciano
Chairman, CEO & President

Yes, Manav. Listen, there is a lot of activity going on there. But as we have said, I think this is something we -- Nutrition is going to carry as a headwind during the whole year. We expect that, that plant reasonably to be operating in Q4. I cannot provide any more details or granularity on that as we're going through all the projects.

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But I would say, as soon as we have more specifics, we will be updating all you guys on that. But at this point in time, I think you need to think that the headwinds for Nutrition in Specialty Ingredients, and a lot of that driven by this will carry through the year.

Operator

Our next question comes from Heather Jones of Heather Jones Research.

Heather Lynn Jones
Heather Jones Research LLC

Just hoping you could help me. I just want to discuss the crush margin outlook a little more, specifically on the soy side. So thank you for the cadence information you provided earlier, but I just wanted to dig in a little bit more.

So at present, the curve for the U.S. has margins below the range. And then on a cash basis, in certain regions, they're materially below that 35. So when I think about the rest of the year, are you all assuming that regions like Brazil and Europe are going to provide a material uplift to offset the U.S.? Or is it you think the increased soybean oil demand, et cetera, will make U.S. margins materially better than the curve is indicating at present? So just was trying to think about how you all are thinking about that.

Juan Ricardo Luciano
Chairman, CEO & President

Yes. Heather, good to hear from you. Listen, the way we're seeing it at the moment, so North America, as we said, Q2 and probably Q3 will move to the lower part of the range. Then as we come through the year and we get more beans here in the U.S. and we get more renewable green diesel volume coming from probably 1 billion gallon more of capacity that's coming, we think that, that and inclusion rates will drive Q4 higher.

In the Q2, Q3 area, if you will, we see right now, crush margins in Brazil have gotten better across all our plants, not only the domestic ones, but also the export ones. So as the farmer has been selling a little bit more, as you get more through the harvest there in Latin America, farmers start to move a little bit more volume. In Brazil, it was helped by the devaluation. So we saw that easing the pressure that we have in getting beans and helping crush margins.

Europe, we expect it to be around $40 per ton, so it's a little bit in the middle of the pack. China, we don't have a lot of visibility in China, but it seems to be very spot in China at the moment. So it's a little bit hand to mouth over there.

So in general, as I said, we see for ADM, at least, a big correction going into the second quarter, also a soft third quarter, and then we start to see coming back up in the Q4. But mostly, the curve of the U.S., if you will, with a little bit moderation provided by the other areas.

Operator

Our next question comes from Salvator Tiano from Bank of America.

Salvator Tiano
BofA Securities, Research Division

I wanted to ask a little bit about ethanol. And specifically, it seems like your commentary on ethanol was a little bit different between Starches and Sweeteners and VCP. It seems like you talked about lower ethanol margins in the former and better ethanol demand margins, et cetera, in VCP. So can you clarify why this, I guess, ethanol margins from the 2 different types of mills diverged? And also specifically, what are you seeing on the ethanol export front? And why is that benefiting VCP more than Starches and Sweeteners?

Juan Ricardo Luciano
Chairman, CEO & President

Yes. Yes, the reference we made to that is because VCP results were helped by stronger export demand for sustainably certified ethanol, and we get a premium for sustainably certified ethanol. So that supported volumes and margins.

In general, ethanol -- in general, Salvator, ethanol is a very cheap oxygenate, so it's getting a lot of demand from the rest of the world. So exports are expected to be north of 1.5 billion gallons. So -- and blending demand inside the U.S. domestically has been good. It's just that this is the time of the year in which the plants have produced a lot.

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I always said the plants are exothermic. So in a time of cold temperature, they produce a lot, and that's a time where we drive the least. So now we're going into more the maintenance period of those plants. And I think that inventories for the industry will come a little -- we hope will come a little bit more into balance, and we expect that to higher driving miles during the summer to balance margins a little bit better. But we expect for the whole year to -- for exports to remain very healthy.

Operator

Our next question comes from Ben Theurer of Barclays.

Benjamin M. Theurer
Barclays Bank PLC, Research Division

Just wanted to follow up on some of the initiatives you're doing within the Nutrition business. And Juan, you talked about it at the beginning as it relates to like just simplification, portfolio optimization. So as you've looked through the assets and obviously, it's been volatile here and somewhat soft, obviously impacted by some of the onetime items.

But as you think about Nutrition going forward and past some of the issues with the plant downtime, et cetera, how do you want to structure this business? Where do you want to take it to? What do you think is going to be the Nutrition, call it, maybe 2.0 version in 2 to 3 years' time? What's the contribution, animal, human? How should we think about this?

Juan Ricardo Luciano
Chairman, CEO & President

Yes. Good question. Listen, if you see the sequential improvement that we have had right now, is we're taking a lot of the one-offs we received last year or even in Q4 out of the picture, if you will. Some of them completely. Some of them, they're going to continue to improve as the business improve the reliability of our supply, if you will.

I would say, in the short term, you need to be able to see through some of the headwinds that we will get in revenue because of the correction of raw materials. So there are some parts of the Nutrition business, what we call Specialty Ingredients, if you will, that were either related to proteins or emulsifiers. Those things tend to correct revenue because they are related to soy or corn at the end of the day, so they moderate.

And that business is a business that from a volume perspective, there is a reshuffle of the demand in terms of plant-based proteins. And there's a lot of exciting stuff that the industry is doing. Listen, there is a lot of emerging technologies, novel ingredients and new culinary techniques that will come to revitalize that demand over time, but that's a shift that we're going through and you're not going to see that in 2024.

But that's something that, long term, we still believe in that piece. Right now, in the present time, flavor, we continue to see strong demand for flavor, whether it's in North America or whether it's in Europe. To the extent that we can release our supply constraints, we will be able to capitalize more on that. And U.S. has been doing better, faster than maybe Europe, and we're correcting those things in Europe. But we feel strongly about that.

On the Health & Wellness perspective, biotics continue to excel. Biotics have increased OP by like 100% in the first quarter. So we're doing very well. We're getting some headwinds from the fibers perspective, but I think that's a matter of competitive materials. But over time, fibers is a very -- has a very positive prognosis as all of us are trying to incorporate more protein and fibers in our diet and reduce fats and sugar. That's where the world nutrition trends are moving.

And then when you think about the Animal Nutrition side, Animal Nutrition is probably the most undervalued, if you will, story given their potential. Because we are doing a lot of self-help, and that self-help continue to be seen in the P&L. But some of the protein sector issues have impacted the demand there. I would say there in Nutrition -- in the Animal Nutrition area is where we're probably going to see more of the refinement of the portfolio, if you will, just because there are unevenness across sectors in terms of our ability to achieve the right returns on the long term. So in some part of the sectors, it's more like self-help. In other parts, it's more innovation driven.

And even if you go to things like pet, where the demand is very strong, there are pieces of the world that are doing exceptionally well for us like Mexico. There are pieces where demand is very strong, like in North America, so maybe we need to fix some supply issues. And there are parts of the world, like maybe like South America, where structurally it becomes a little bit more difficult to make money. So we are applying different recipes to the different parts of the world.

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But I still see a very complete Nutrition business, if you will, going forward, more focus on the maybe fewer platforms, fewer customers to be able to execute our pipeline faster. Maybe in the past, we have a big pipeline with a percentage of conversion that we expect it to be higher on a maybe a more focused, concentrated pipeline. That's the way I tend to think about it.

Ismael Roig
Senior VP & Interim Chief Financial Officer

Can I offer a complementary view on -- I just wanted to offer you a complementary view on Juan's comments with regard to Animal Nutrition, but I think it also applies to the broader portfolio, which is I fully agree with Juan in the sense that the base business in Animal Nutrition is now experiencing the benefits of the cost improvement programs that we put in place, and we've seen that evolution quarter-on-quarter.

But to Juan's observations on a going-forward basis, you will see a business that is looking to become more focused on the specialty side of its portfolio. As Juan alluded to at the beginning, part of the revenue calculation for the platform is partly impacted by the fact that there is a soy meal commodity component to some of the products that are produced. Over time, it's a business that will evolve to become more specialty focused, more higher margin focused. So we -- I think it bodes well for the growth and margin structure of that business as we look forward into 2025.

Operator

Our next question comes from Steven Haynes of Morgan Stanley.

Steven Kyle Haynes
Morgan Stanley, Research Division

Maybe just two quick follow-ups on Nutrition. So I think your revenue was down slightly. And based on your kind of prior comments about there being some price component, were your volumes, I guess, organic volumes, positive in the quarter? That would be the first one.

And then the second question is on the full year, you mentioned that the recent M&A is kind of coming in ahead of your kind of deal model expectations. How much operating profit contribution are you baking into the full year guide from M&A?

Juan Ricardo Luciano
Chairman, CEO & President

Yes. Thank you, Steven. So let me say that we are very pleased with the 2 M&As. The 2 M&As contributed to revenue in the first quarter and not yet to OP because of start-up costs and all that. But we still expect revenue, even despite the headwinds that I mentioned before relative to commodity prices, moderating in some of our less specialty categories.

We expect revenue growth to be in the range of high -- mid-single digit for full year. We expect probably OP to do -- operating profit to be a little bit better than that given that our cost should be down year-over-year. So what was the other question there?

Ismael Roig
Senior VP & Interim Chief Financial Officer

Yes. So in terms of overall volume, volume was a complementary question. Overall, we've seen volume hold up well. The exception to that would be, obviously, the Specialty Ingredients business and specifically, the impacts of the Decatur East plant. But all of the other elements of our business have generally performed well volume-wise. So you've seen a bit of a deterioration of the volume on a revenue basis, but you have seen a general improvement except for the SI business when it came to volume.

Operator

Our next question comes from Adam Samuelson of Goldman Sachs.

Adam Samuelson
Goldman Sachs Group, Inc., Research Division

So I guess I got two questions. Maybe first, as we think about the outlook for the year where you talked about improvement in soy meal demand and inclusion ratios later in the year, can you maybe help us be a bit more specific? Just that doesn't seem to you as implied by the curves. Most forecasts on poultry supply in different parts of the world don't really project a sizable uptick in production. So could you just help us a little bit on the areas where you're actually seeing that or getting that signal from your feed customers?

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And then an unrelated question, as I think about some of the cost actions and productivity savings that you've targeted for this year and next. Would love if you could maybe a bit more specificity to the areas where the $500 million are really coming from, both in terms of the category of spend, but also whether they're in the operating segments or in corporate unallocated as we think about the outlook for the next couple of years.

Juan Ricardo Luciano
Chairman, CEO & President

Yes, sure. Adam, listen, I think what you need to realize, so first of all, we are early in the year, of course, and we are making predictions on Q4. So this is a transition period for the industry, if you will. We're going from a couple of years of tight supplies to ample supplies. So we're seeing here a customer base that is very uncovered, if you will, farmer selling that is a little slow. And we're going to go through that transition.

On top of that, you have a proteins industry that was in the unprofitable territory, if you will, and still is for certain for, if you will, beef or some parts of pork. But now it seemed to have bottomed and seeing growth trends in poultry. So we see that in different parts of the world, whether it's in Thailand, in Turkey, in other parts of the world.

But I think the main issue is that pricing is doing its effect. So you see some trade flows changing. We see some soybean oil being exported out of the U.S., as we see used cooking oil coming into the U.S. We're starting to see more -- maybe Brazil becoming less of an exporter of soybean oil, maybe more competition in meal, but the U.S. is still very competitive in meal.

So I think that we will have to see all that shift during the year. What we are seeing is we're looking at our customers, we're looking at our book. And we just think that, again, with 1 billion gallon more of RGD capacity in the U.S. with 500,000 tons more soybean oil coming from the biodiesel mandate in Brazil, that will be a very big determinant of crush margins for the year. With that, I think Ismael will cover the drive for excellence profitability.

Ismael Roig
Senior VP & Interim Chief Financial Officer

Yes. But on the -- Adam, on the drive for excellence, we're actually quite encouraged by the progress. As Juan mentioned during the remarks, we have more than 1,200 initiatives, but they can be grouped into substantial areas or themes of effort and focus, working on plant process optimization, working on business process optimization, also very important on supply chain and demand fulfillment, which is part of the challenges that we've had in Nutrition. So these would be the large buckets that we're working on.

And we've seen the platform progress very well. And we have at least about 1/3 line of sight of the $500 million already for 2024. So we're very encouraged about the ability of this drive for excellence impacting 2024 already in the measures that I've just outlined.

Operator

Our next question comes from Ben Kallo of Baird.

Benjamin Joseph Kallo
Robert W. Baird & Co. Incorporated, Research Division

Just how do we think about or you think about the dynamic of the blenders tax credit changing over to a producers tax credit and the carbon intensity being a factor for overall soy oil demand in the U.S. next year?

Juan Ricardo Luciano
Chairman, CEO & President

Yes. Thank you, Ben, for the question. So as you know, the $1 blenders tax credit will expire at the end of '24 and transition to a production tax credit. And this will be administered by the U.S. Treasury. They issued guidance on, I think, at the end of last year that will allow the use of GREET, LCA modeling in addition to CORSIA. Of course, we favor including GREET. We're successful in GREET being officially included. We're still delayed in the EPA ruling on that.

So I think that we have been doing a lot of advocacy in encouraging government officials to make sure that we remove this uncertainty out of the equation here. I think that a transition without guidance of whether the crop-based biofuels will generate credits will create a very difficult price discovery mechanism in the coming months, as participants are trying to look -- to begin locking 2025 volume.

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So I think that's an important clarification that needs to happen. These are industries that are investing in the U.S., and I think that providing regulatory certainty are very important for those investments to come to fruition on time and as expected.

Benjamin Joseph Kallo
Robert W. Baird & Co. Incorporated, Research Division

Just a follow-up there. What are you seeing with the renewable diesel refiners, producers in terms of them transitioning to using waste fats or other materials?

Juan Ricardo Luciano
Chairman, CEO & President

Yes. I think that -- listen, there is a reality in the world that palm oil production is flat and not being able to cope with demand. So we know that the U.S. and renewable green diesel was going to meet -- to have to be met with a lot of feedstocks, of which soybean oil is an important component. But of course, the industry is trying to gather every kind of feedstock that they can find. And there was inventory of used cook oil.

The U.S. has imported a lot of that, but still is not going to be enough because how much are you going to grow the used cook oil inventory around the world to supply, as I said, an industry is going to have 1 billion gallon more capacity this year. So we still expect that we are adjusting to these temporary imports of used cook oil. But we still expect that soybean oil will recover their percentage of the used from maybe 30% to again, the 40% we used to be.

Operator

Our next question comes from Salvator Tiano of Bank of America.

Salvator Tiano
BofA Securities, Research Division

I just had a follow-up. So as we look a little bit into a couple of items, can you help us understand the Green Bison contribution now? So for example, the process volume growth that you showed, roughly how much came from that? And also, I believe you had the $10 million noncontrolling interest loss. Well, I guess, the JV, among others, are the loss. So how much, I guess, of that was the Green Bison JV? And at which point do you expect it to return -- to turn into a profitable JV on a net income basis, so for that NCI line?

Juan Ricardo Luciano
Chairman, CEO & President

Yes. Salvator, maybe I give you what I have at top of my mind. But we were very pleased with the increase in volumes in oilseeds or in crush during the first quarter. It was 9% increase. Part of that was Spiritwood coming online, part of that were our plants improvements in general across the footprint. Part of that was Paraguay and Ukraine also coming to crush. So that all happened at different points in the quarter. So I don't have a full recollection of what happened to what volume at any part of the quarter.

The Green Bison joint venture will be a contributor to profit during 2024. So it's ramping up. It's going to get to full capacity very soon. So it will be a meaningful contributor. I don't have top of my head what was the contribution on first quarter, to be honest.

Operator

Our next question comes from Heather Jones of Heather Jones Research.

Heather Lynn Jones
Heather Jones Research LLC

Just wanted to ask really quickly what exactly you're doing for the dry mills as far as sustainability sourcing? And the doubling of your region acreage, is that related to like proactively getting ahead of this EU deforestation regime or more stringent carb requirements? Just wondering what's driving that.

Juan Ricardo Luciano
Chairman, CEO & President

Yes. So Heather, in carb solutions, we have a whole decarbonization strategy. Actually, across ADM, we have a decarbonization strategy, driven partly by our Strive 35 goals that we need to decarbonize ourselves, part driven by our customers and the need for

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either awaiting Scope 3 emissions from the side of our customers, but also by providing some low carbon intensity characteristics of some of our products that has also commanding a premium out there.

So what are we doing? We are working on increasing our carbon capture sequestration. We're going to go from 2 wells, 1 well and 1 experimental well, but let's say 2 wells to 7 wells, so we're going to be able to increase significantly our capacity.

And let me remind you, we have already captured 4.5 million tons of CO2 in the last 10 years that we've been operating. So that has been successful.

For the dry mills specifically, what we're doing is we are building pipelines to bring that to our carbon capture and sequestration units indicator. We have 1 pipeline that has been ongoing, the project, and we are looking for solutions for the other dry mills. So that's what is happening.

The second part of the question, Heather, I'm not remembering exactly what...

Heather Lynn Jones
Heather Jones Research LLC

I was just wondering on the region.

Juan Ricardo Luciano
Chairman, CEO & President

Oh, yes.

Heather Lynn Jones
Heather Jones Research LLC

Yes, on the region acreage, just wondering, is that doubling in anticipation of like the EU deforestation regime or more stringent carb standards? Just wondering what's driving that. Or is it all voluntary market-driven growth?

Juan Ricardo Luciano
Chairman, CEO & President

Yes. I would say there is excitement on both sides. There is excitement on the farmer side to adhere to all these practices, but there's also a lot of demand pull from the customer side in terms of we continue to sign contracts for more of these as people need to, again, have an answer to their Scope 3.

So this has been -- we have been setting goals, and we have been beating those goals and increasing those goals. Now we have expanded that to Europe and Latin America, and we continue to see demand for these activities around the world. And to be honest, the team has been doing an excellent job. So I think that this program is perceived as the leading program in the world there.

Operator

At this time, we currently have no further questions. So I'll hand back to Juan Luciano for any further remarks.

Juan Ricardo Luciano
Chairman, CEO & President

Okay. Thank you. Thank you, everybody, for joining us today and for your interest in ADM, and have a great day.

Ismael Roig
Senior VP & Interim Chief Financial Officer

Thank you.

Operator
Thank you for joining today's call. You may now disconnect your lines.

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