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Q4 2025 ARCHER-DANIELS-MIDLAND CO EARNINGS CALL

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- **Monish Patolawala** *Archer-Daniels-Midland Co - Chief Financial Officer, Executive Vice President*

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- **Operator**
- **Manav Gupta** *UBS AG - Analyst*
- **Benjamin Theurer** *Barclays Services Corp - Analyst*
- **Heather Jones** *Heather Jones Research - Analyst*
- **Andrew Strelzik** *BMO Capital Market - Analyst*
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PRESENTATION

Operator

Good morning and welcome to the ADM fourth-quarter 2025 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, Kate Walsh, Director, Investor Relations for ADM. Ms. Walsh, you may begin.

Kate Walsh *Archer-Daniels-Midland Co - Director, Investor Relations*

Welcome to the fourth quarter earnings conference call for ADM. Our prepared remarks today will be led by Juan Luciano, Chair of the Board and Chief Executive Officer; and Monish Patolawala, our Executive Vice President and 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 numerous 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 the materials. Unless otherwise required by law, ADM assumes no obligation to update any forward-looking statements due to new information or future events.

In addition, during today's call, we will refer to certain non-GAAP or adjusted financial measures. Reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures are available in our earnings press release and presentation slides, which can be found in the investor relations section of the ADM website.

With that, I will now turn the call over to Juan.

Juan Luciano *Archer-Daniels-Midland Co - Chairman of the Board, President, Chief Executive Officer*

Thank you, Kate. Hello, and welcome to all who have joined the call. Please turn to slide 4, where we have outlined our performance highlights. Today, ADM reported fourth quarter adjusted earnings per share of $0.87 and full year adjusted earnings per share of $3.43. Total segment operating profit was $821 million for the fourth quarter and $3.2 billion for the full year.

Our trailing fourth quarter adjusted ROIC was 6.3%. And cash flow from operations before working capital changes was $2.7 billion for 2025. We also made good strides in managing our working capital. For example, we realized a $1.5 billion cash flow benefit from inventory reduction.

I'll share a few highlights from across our business for fourth quarter. Our AS&O team delivered record crush volumes in South America. Our Carbohydrate Solutions team capitalized on ethanol opportunities. And our Nutrition team continued to improve execution across the board. And throughout our operating footprint, global teams improved manufacturing efficiencies. I am proud of the team's rigor around focused execution and capital discipline throughout the year. And in the fourth quarter, we paid our 376 consecutive quarterly dividend.

Please turn to slide 5. We navigated the dynamic and difficult market during 2025. And as we steered through those headwinds, we intensified our focus on areas within our control and prepared our business to take full advantage of what is expected to become a more constructive operating environment going forward. Here is a recap of the significant progress we made during 2025.

First, we executed more than 20 projects as part of portfolio optimization and simplification initiatives that are helping strengthen our business and support our core strategy going forward. Through this work, we achieved approximately $200 million of cost savings and announced the joint venture with Alltech, which I'm pleased to report has commenced operations recently.

Second, we addressed plant efficiency issues across our asset network and reduced our unplanned downtime. We restored operations at our Decatur East plant and achieved an important safety milestone by having the lowest injury rate in the company's history.

Third, we reached an important decarbonization milestone. We connected our Columbus, Nebraska corn milling plant to Tallgrass's Trailblazer pipeline, extending our carbon capture and storage infrastructure beyond our Decatur operations.

Fourth, we advanced Nutrition's recovery, improved execution and increased revenue. Fifth, we generated a strong cash flow as we relentlessly focused on improving working capital. And as we announced last week, we reached the closure of government investigations of ADM related to the company's prior reporting regarding intersegment sales. We are pleased to put these matters behind the company.

Please turn to slide 6. Our operating environment throughout 2025 was challenging, and our team demonstrated impressive resilience as we strengthened the core of our business through portfolio optimization, disciplined capital allocation, tighter working capital execution, enhanced cost control and lower transaction costs. This strengthening of our business not only allows us to continue to increase our dividend and return cash to shareholders, it also affords us the ability to invest in future growth regardless of the commodity cycle.

There are five key focus areas for our next wave of growth. We are leveraging our assets and expertise along with technology to build out our operations in enhanced nutrition, biotics, biosolutions, precision fermentation and decarbonization. Each of these businesses has a different growth profile and time line for value creation, but each complement what we're doing today and present the potential for compelling enduring returns.

For example, we are advancing innovations in enhanced nutrition for allergen-free pea protein, unlocking opportunities in specialized nutrition such as ultra-high protein drinks, protein bars and fortified snacks. On the natural flavors side, we have created patented technology for clean citrus flavors that are high-value ingredients for beverages.

In natural colors, we have developed a breakthrough natural blue, addressing one of the food and beverage industry's toughest challenges, producing a natural, stable, water-soluble and safe blue pigment, which is exceptionally rare in nature.

We're also developing next-generation functional ingredients that combine the benefits of biotics and botanicals. Across operations, we continue to invest in side-stream valorization as part of our ongoing efforts to optimize our production processes and add value to our byproducts. We also see a long, multi-year runway of growth projects connected to the work we're doing around large-scale decarbonization, including carbon sequestration.

I'd now like to discuss the key market trends and company growth drivers for 2026 that support our outlook for a more constructive operating environment. The recent progress with China trade relations combined with the expectation of pending US biofuel policy clarity should support an increasingly constructive market environment throughout this year, particularly for our AS&O business.

We expect positive economic opportunities for the industry and the American farmer to materialize, which should drive additional long-term investments throughout our business and the agriculture sector. Our outlook also assumes segment operating profit for Carbohydrate Solutions to remain relatively flat, with lower Starches & Sweeteners volumes and pricing, offset by higher ethanol margins. And Nutrition is expected to continue its trajectory of stronger organic growth and execution. Overall, there is much to look forward to in 2026 and beyond.

Our current outlook for adjusted EPS in 2026 is a range between $3.60 and $4.25, which reflects growth over 2025 and appropriately captures the fluidity in timing and market response as global trade and biofuel policies continue to evolve.

With that, let me hand it over to Monish to share a deeper dive into fourth quarter and full year 2025 financials as well as the assumptions underpinning our 2026 guidance.

Monish Patolawala *Archer-Daniels-Midland Co - Chief Financial Officer, Executive Vice President*

Thank you, Juan. Please turn to slide 7. 2025 was a dynamic year in the global trade and biofuel policy landscape, both of which impacted AS&O results. AS&O segment operating profit for the fourth quarter was $444 million, down 31% compared to the prior year quarter. For the full year, AS&O segment operating profit was $1.6 billion, 34% lower compared to 2024.

In the Ag Services subsegment, operating profit was $174 million for the fourth quarter, representing a decrease of 31% compared to the prior year quarter. The decrease was driven primarily by lower export activity from North America combined with net negative timing impacts of approximately $50 million compared to the prior year quarter.

For the full year, Ag Services operating profit was down 11% compared to 2024 driven by lower North American exports and a challenged global trade environment. Throughout the year, farmer selling was limited by muted pricing, and combined with customers reducing the amount of inventory held, we experienced fewer trading opportunities.

In the Crushing subsegment, operating profit was $66 million, down 69% from the prior year quarter. While global crush volumes increased over the prior year quarter, with crush volumes increasing 7% sequentially and 4% compared to the prior year quarter, weaker crush margins in North and South America pressured results.

Additionally, there were net negative timing impact of approximately $20 million compared to the prior year quarter. Further, there were approximately $20 million of reduced insurance proceeds related to the Decatur East claims versus the prior year quarter.

For the full year, Crushing operating profit was down 81% compared to 2024, with the main reason being a significantly weaker crush margin environment. Year-over-year, there were approximately $44 million of reduced insurance proceeds.

In the Refined Products and Other subsegment, operating profit was $119 million, down 2% compared to the prior year quarter as positive timing impacts helped offset weaker food demand and lower biodiesel and refining margins. We have a net positive timing impact of approximately $72 million as compared to the prior year quarter.

For the full year, RPO operating profit was 4% lower than 2024 due to the same food and fuel dynamics that pressured fourth quarter results. Equity earnings from our investment in Wilmar were $85 million for the quarter. Excluding specified items, it was up 49% compared to the prior year quarter.

We typically record our share of Wilmar's financial results on a three-month lag basis, with the exception of material transactions or events that occurred during the intervening period that materially affect the financial position or results of operations.

During the fourth quarter, we recorded a $254 million gain related to the transaction Wilmar closed, and have presented this as a specified item. For the full year 2025, equity earnings from Wilmar, excluding specified items, were approximately 14% lower as compared to 2024.

Turning now to slide 8. For the fourth quarter, Carbohydrate Solutions segment operating profit was $299 million, down 6% compared to the prior year quarter. Similar to the third quarter of 2025, we saw the continued weakness in Starches & Sweeteners be largely offset by strength in ethanol margins.

For the full year, Carb Solutions segment operating profit was $1.2 billion, down 12% compared to 2024. Further, there were approximately $33 million of reduced insurance proceeds related to the Decatur East and West claims versus prior year quarter.

For the fourth quarter, Starches & Sweeteners operating profit was $256 million, down 16% compared to the prior year quarter, in part due to a continuation of consumer buying trends experienced throughout 2025. We are seeing S&S softness being driven primarily from less consumption of packaged goods, and this impacted both volumes and margins.

Additionally, in EMEA, S&S volumes and margins continued to be impacted by persistent high corn costs related to industry-wide crop quality issues that we have previously disclosed. Importantly, for this quarter, there were approximately $33 million of reduced insurance proceeds related to Decatur East and West claims compared to the prior year period.

For the full year, S&S operating profit decreased by 21% as compared to 2024, with the decline primarily attributable to the ongoing trends impacting the fourth quarter. Year-over-year, there were approximately $75 million of reduced insurance proceeds.

For the Vantage Corn Processors subsegment, operating profit for the fourth quarter was $43 million, up 187% from the prior year quarter. Ethanol industry margins remained stable through October and November, before experiencing typical seasonal softening in December. Export and pricing strength continued to be supported primarily by mandated markets, which has kept inventory levels balanced.

Overall, ethanol EBITDA margins per gallon for the quarter were approximately 33% higher compared to the prior year quarter. For the full year, VCP operating profit was up $119 million compared to 2024, driven by stronger demand improving ethanol margins.

Now turning to slide 9. In the fourth quarter, Nutrition segment revenues were $1.8 billion, remaining relatively flat compared to the prior year quarter. Human Nutrition revenue increased by 5% and Animal Nutrition revenue decreased by 4% compared to the prior year quarter. Animal Nutrition revenue was impacted by previously disclosed portfolio exits.

Nutrition segment operating profit was $78 million for the fourth quarter, down 11% compared to the prior year quarter. As previously disclosed, insurance proceeds related to Decatur East in the fourth quarter of 2024 were $46 million, as compared to zero proceeds received in the fourth quarter of 2025.

Human Nutrition operating profit was $56 million, down 10% compared to the prior-year quarter, with the decline attributable to a reduction in insurance proceeds. Excluding the impact of insurance, the growth was largely attributable to strong North America Flavor sales and recovery in Specialty Ingredients.

For the full year, Human Nutrition operating profit was $319 million, down 2% when compared to 2024. Human Nutrition experienced significant operating profit growth led by Flavors and the recovery of Specialty Ingredients. However, this growth was more than offset by the reduction of insurance proceeds. As previously disclosed, insurance proceeds related to Decatur East in the fourth quarter of 2024 were $71 million, as compared to zero proceeds received in the fourth quarter of 2025.

For Animal Nutrition, operating profit was $22 million for the quarter, down 15% compared to the prior year quarter as a result of localized volume softness and the impact of onetime items. For full year 2025, Animal Nutrition operating profit was $98 million, 66% higher than 2024, with the growth driven by improved margins as a result of focusing on higher-margin product lines combined with portfolio streamlining actions and cost optimization efforts.

For the fourth quarter of 2025, Corporate and Other Business costs increased by approximately 25% compared to the fourth quarter of 2024. For the full year, Corporate and Other Business costs increased by approximately 19% compared to 2024.

In both periods, the increase was primarily due to higher charges related to revaluation losses, including impairment, contingency and restructuring charges. These losses were partially offset by lower interest expense, higher other income and lower unallocated corporate function costs.

Turning now to slide 10. For 2025, ADM generated cash flow from operations before working capital of approximately $2.7 billion, down by $600 million relative to 2024 as a result of lower overall total segment operating profit. Restricted cash increased $1.2 billion to $4.5 billion, mainly driven by ADMIS. We continue to maintain a solid cash position, and we have made good progress in improving our working capital efficiency. As Juan mentioned, we realized a $1.5 billion cash flow benefit from inventory reduction as we sharpened our inventory management practices and improved demand forecasting.

We continue to be very disciplined in the areas in which we invest. For 2025, we continued to be very prudent in our investments and invested $1.2 billion in capital expenditures. We also returned $987 million in dividends to shareholders throughout 2025, with Q4 being our 376th consecutive quarterly dividend. And finally, our leverage ratio at December 31, 2025, was 1.9 times, in line with our previously communicated year-end target ratio of approximately 2 times.

Now turning to slide 11. We have provided further details on our 2026 outlook. Earlier today, as Juan mentioned, we provided our current outlook for 2026. We are providing an adjusted EPS range of $3.60 to $4.25 for the full year 2026 and view this range of outcomes highly predicated on several key factors.

First, the timing of when we receive US biofuel policy clarity. The earlier we receive policy clarity, the larger the opportunity to take advantage of what we expect will be an increasingly more constructive operating environment.

Second, the size of the RVO requirement and the SRE offset. With the final mandate still under evaluation, visibility into the magnitude of improvement in the operating environment and the pace of industry adoption remains limited.

Third, we expect robust ethanol export opportunities to continue driven by mandated markets. We also expect domestic demand to strengthen with the US biofuel policy clarity and ethanol margin strength to be further supported by policy incentives. Strength in ethanol is expected to offset the continued softness in S&S projected from a continuation of the same consumer behavior trend we experienced in 2025.

Fourth, we are expecting continued growth in Nutrition driven by growth in Flavors, continued recovery in Specialty Ingredients and growth in Health and Wellness as global consumption of biotics increases and customers expand their range of applications. And in Animal Nutrition, we expect margin expansion to contribute to Nutrition's operating profit growth as we focus on higher-margin products and see the benefits of our portfolio optimization actions materialize.

As Juan mentioned, we have commenced operations of the joint venture with Alltech. And while we don't expect it to have a material impact on nutrition operating profit in 2026, we will see revenue decrease as a result of contributing those operations to an equity investment.

Fifth, moving to Corporate. We expect a portion of the segment operating profit growth discussed to be offset by higher expenses year-over-year that reflect continued investment in R&D and digital platforms, the impact of lower performance-based incentive compensation related to 2025, and expected effective tax rate between 18% and 20%, and lower ADMIS interest income due to lower interest rate environment.

We will also maintain a disciplined capital allocation policy, including a focus on solid cash flow generation while we continue to pursue cost savings. And we remain on track to achieve our targeted aggregate cost savings of $500 million to $750 million over three to five years, which we began in 2025. Additionally, for 2026, we expect to invest approximately $1.3 billion to $1.5 billion in capital expenditures.

With regards to the first quarter of 2026, as previously disclosed, we expect crush margins in the first quarter of 2026 to be similar to the fourth quarter of 2025 as we have already booked a large portion of our first quarter business.

As a reminder, we don't exclude mark-to-market from our estimates. So depending on how factors, including board crush and cash margins move, we could see positive or negative mark-to-market timing impacts that differ from our current expectations.

In Carb Solutions, we see similar trends to those we saw throughout 2025 relating to demand softness in Starches & Sweeteners, and we expect ethanol margins to be tempered by higher industry run rates. Nutrition is expected to show continued improvement over the prior period and sequentially as we drive revenue growth and continue to see benefits from the recovery of Specialty Ingredients.

This improvement is expected to be partially offset by the previously disclosed employee incentive compensation favorability in the first quarter of 2025. Our team is also continuing to monitor consumer behavior as it relates to our Human Nutrition business.

To conclude, I want to thank our ADM colleagues for their focus, disciplined execution and continued commitment to our long-term success. These efforts remain essential to navigating today's dynamic operating environment and delivering value for our shareholders.

Back to you, Juan.

Juan Luciano *Archer-Daniels-Midland Co - Chairman of the Board, President, Chief Executive Officer*

Thanks, Monish. Let me wrap up by saying thank you to our colleagues for the solid strides made during 2025 with our strategic portfolio optimization and cost reduction initiatives, all of which are expected to strengthen our business and our cash flow for years to come.

We're building out the next wave of long-term value creation, and specifically for 2026, we will be highly focused on optimizing our results in what we expect to be an increasingly constructive operating environment.

With that, we'll take your questions now. Operator, please open the line.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Manav Gupta, UBS.

Manav Gupta *UBS AG - Analyst*

Good morning, And first, I really want to congratulate the entire team, and I know Monish and his team particularly worked very hard with the SEC and DOJ. So glad that's all behind you, very happy for you about that.

My first question here is, sir, that I know it's difficult to provide a guide with RVO not out there, and thanks for doing that. I'm just trying to understand, renewable diesel margins are already on way to amend. RINs are also moving higher. And so when the RVO finally arrives, do you expect a material jump in the operating rates and processing rates of both biodiesel and renewable diesel facilities because then they would know exactly how much RINs they would have to meet, how much, the market would know how much RIN obligation would be? So if you could talk a little bit about that.

Juan Luciano *Archer-Daniels-Midland Co - Chairman of the Board, President, Chief Executive Officer*

Yes. Thank you, Manav. And yes, we are very pleased to leave these investigations behind us with this closure. Listen, it's been very difficult to give a guidance because of there are so many things that you described outside our control, and we don't feel comfortable in that regard. That's why our guidance is wide.

What we are discussing here is the timing of all these coming to the P&L. We know it's positive. We know it's going to come. So I think that when it's coming, it depends on when the government makes a decision and clarify the policies, but also how the market digests those policies and those get implemented. We're going to see board crush, we're going to see RINs, but at the end of the day, we need to see cash margins moving.

And don't forget that our business, which is a very large business, works in anticipation of the market. So we tend to sell, every time we get into a quarter, we are sold maybe 60% or 70% into the following quarter. So if these things will be done at the end of Q1, for us, it will be mostly July onwards, if you will, that we will be able to realize that. So that's what creates the uncertainty.

I think not in a calendar year, this is extremely positive for the industry and certainly for ADM, pulling more vegetable oils into biofuels. That's going to happen not only in the US with the RVOs, but it is going to happen in Brazil, hopefully, with B16 started either in March or in June. It's going to happen also in other places around the world.

So again, I think we try to be very balanced in saying we see improvement based on the year-over-year on the things that we can control. We see some clarity in trading as we're going to have some volumes from soybeans going to China that we didn't have in 2025 materially. And then we see this RVO that's going to help with the lag of the oil for the crushing that continues to be supported. And then with growth in Nutrition, as we described.

So we're very constructive about the future for ADM. We also, I also talked, Manav, a little bit about the long term. We have identified five platforms that are really very exciting, that they're going to come over the next five years, a different time line based on the difficulties or easiness of their implementation. So when you think about our self-improvement plus all the policy coming our way, again, that is a matter of timing, plus our growth prospects, we feel very strongly about the next few years for ADM.

Manav Gupta *UBS AG - Analyst*

Thank you so much for the detailed response. I'll turn it over. Thanks.

Juan Luciano *Archer-Daniels-Midland Co - Chairman of the Board, President, Chief Executive Officer*

You're welcome.

Operator

Ben Theurer, Barclays.

Benjamin Theurer *Barclays Services Corp - Analyst*

Oh, yeah, good morning. Thank you very much for taking my question. I wonder if I Just a follow-up, same wishes on my side, congrats on closing the case. I wanted to follow up on the outlook piece and dig a little bit into Nutrition and kind of like tying it back to some of the commentary you've made in the past, Decatur East being back up. Obviously, the fourth quarter probably wasn't as good as expected, what you had initially kind of like pegged down for the Nutrition segment.

So as we move into '26, maybe can you give us an update on where you stand like gaining these customers back on the fulfillment, everything you first lost on Decatur East that you now need to kind of like gain back? And maybe within the range of the guidance associated, what are kind of like the bull and the bear cases here as it relates to, A, demand, and then B, the fulfillment of the demand from your side?

Juan Luciano *Archer-Daniels-Midland Co - Chairman of the Board, President, Chief Executive Officer*

Thank you, Ben. Listen, let me start addressing a little bit the performance of Nutrition, the true performance. Because I think it is important that we provide clarity on the operating performance of the business. If you compare apples-to-apples, Q4 2025 versus Q4 2024, Q4 2024 has a significant piece of insurance proceeds into the Nutrition P&L.

So if you exclude that, just to see the operating performance, we had a very strong quarter in flavors with OP up close to 60% or something, and biotics up north of that, driven mostly from flavor North America, which had a very strong quarter.

We did have a little bit of a softer quarter from a demand perspective in Europe. And we don't know if it just was timing or something because we've seen it recover in, when we started the year in 2026. So we saw that coming back in January.

As you said before, Specialty Ingredients continued the recovery with the Decatur East plant back online. But of course, this plant was down for 18 months. So we are doing some plant stabilization, some driving productivity. You bring it first back on safety premises and then you try to do the optimization of the plant. So we are in that process.

And at the same time, again, our customers move away after 18 months of being down, we've not been able to supply fully. So as you said, we need to recover that, and we need to recover that prudently. But we would like to claim our share of the market back. So we are in that process. And I think that process is going well, but it's going to take some time. Animal Nutrition was a little bit soft with some pockets of softness, but also we have some one-off impact. But I think the trajectory overall of Animal year-over-year has been positive, and we expect that to continue.

So I would say when we look at '26 as the overall year, and I can't call it by quarter, but overall year, so we will have still strength in Flavors for both geographies. We also have continued to grow in Asia Pacific in Flavors, which we had a record year in 2025. We're going to see good demand in biotics. And we're going to continue with our margin improvement quest in Animal Nutrition. So that's where we see the business. So yes, we see growth for operating profit into the business in 2026 versus 2025.

Monish Patolawala *Archer-Daniels-Midland Co - Chief Financial Officer, Executive Vice President*

And just a tactical Ben, for you is, as I've mentioned in my prepared remarks, when you're doing your modeling, Ian, Ishmael and team have done a great job with the Alltech JV that has gone live. So just make sure that from a revenue perspective, you won't see the revenue. The profit for 2026 is pretty much where it was as this JV takes hold. So it's a part of what Juan mentioned, which is moving to higher segments or higher product mix in the Animal Nutrition business.

Benjamin Theurer *Barclays Services Corp - Analyst*

Thanks.

Operator

Heather Jones, Heather Jones Research.

Heather Jones *Heather Jones Research - Analyst*

Good morning. Thanks for the question. I wanted to, my question is on crush. And I just, it's a big picture question. So I followed you guys for over a decade and just have been sort of puzzled by ADM's performance during '25, particularly Q2, Q3 and Q4. You all's performance relative to public comps has been, the gap has been much wider than historically and has been to the downside. And my understanding is that your runtime issues have improved in '25 and that you all have done a better job on the operations execution side. So just wondering, is there a change in how you're hedging?

Or just, because obviously, the biggest influencer of your results over the next couple of years is going to be RVO policy, and it's going to affect crush most dramatically. And so I'm just trying to get a handle on how we should be modeling how ADM will benefit. So if you could just help me understand that disparity, it would be very much appreciated. Thank you.

Juan Luciano *Archer-Daniels-Midland Co - Chairman of the Board, President, Chief Executive Officer*

Yeah. Thank you for the question, Heather. Of course, we spend a lot of time in Ag Services and Oilseeds, which is our largest business. I don't see anything clearly from a commercial perspective that has changed for us to justify what you described.

I would say the main difference since I've been running this for so many years is our manufacturing costs have gone up, not actually the performance, as you said, our down time, I think, has recovered, and that's going well. But our cost in terms of energy or manpower or contractors and things like that is higher than it used to be, and we're working hard to reduce that.

But that's probably something that I can point out. And as I said, we have good plans to do that. Things have become a little more expensive to build. We have a large footprint, a little bit more expensive to repair, and labor has been more expensive, especially in North America. I would say if you look at our, the cost of our plants in the rest of the world versus North America, North America has become a little bit more expensive over the last few years, I would say, post-COVID.

I got the impression, not exact science, that post-COVID, the rest of the world came back a little bit more to the pre-COVID, if you will, cost standards, while North America will still have a little bit more of that. And of course, it's not fact, but we need to find that productivity improvements, and we have plans to accomplish that.

Heather Jones *Heather Jones Research - Analyst*

Thank you. Sorry.

Monish Patolawala *Archer-Daniels-Midland Co - Chief Financial Officer, Executive Vice President*

If you don't mind, I'll add one more. Heather, just as you think about the cost out, the $500 million to the $750 million that we've talked about, and we started that work in 2025, as Juan mentioned, one of the big items in that unlock is manufacturing cost productivity. And that's what the team has plans to keep driving at. They've made progress in '25, and we'll continue to make progress in '26 and beyond.

Heather Jones *Heather Jones Research - Analyst*

Okay. Thank you so much.

Operator

Andrew Strelzik, BMO Capital Markets.

Andrew Strelzik *BMO Capital Market - Analyst*

Great, thank you for the question. Good morning. I wanted to go back to the guidance and, in particular, your assumptions on the higher end of the range. And I appreciate some of the uncertainties around timing and magnitude related to the RVO. But can you just share a little more specifically what you've assumed from a crush margin perspective and maybe an improvement timing perspective on the high end of the range? I guess, what I'm really trying to get at is isolating kind of post-RVO EPS run rate implied by your guidance at the high end versus kind of given in the first part. Thank you.

Monish Patolawala *Archer-Daniels-Midland Co - Chief Financial Officer, Executive Vice President*

Yeah, Andrew, as Juan mentioned and as we've said in our prepared remarks too, at the end of the day, this is all going to depend on two things. One is what happens with the RVO guidance, what is in the RVO guidance, what's the timing of the RVO guidance and what's the adoption of the market range. So it's very hard to sit here right now and pinpoint exactly a number that says when and how much crush margins are going to be because it's dependent on so many factors.

But what we have assumed in our higher end of the range, and that's basically where we are sitting right now, one is, of course, the timing of RVO and whether the adoption of RVO happens faster and does the, and crush margins go up because of that. We have also assumed that the strengthening consumer demand, so if consumer demand strengthens, which is both for starches, sweeteners, overall packaged goods and nutrition, as well as demand for biofuels, could definitely help us out.

We have also talked about saying how do RINs move up. So we'll have to watch how RINs move up. And Manav asked the same question in RINs. Board crush has moved up already based on some of the commentary out. So board crush has gone up.

You can, depending on the NIR, it has gone up nearly $0.40, $0.50 for, sorry, for December of 2026, that's board crush. At the end of the day, it all has to translate back to cash margins. And so therefore, that's something that we will absolutely do and watching it.

So the market trends that have happened, these are all good early indicators, all early indicators that says we are going to have a constructive environment. But as Juan mentioned, we are being cautious and making sure that we are giving you both the high end and the low end of the range. Where, at the low end of the range, we have focused more on what we control.

It's better than where we ended 2025. Continued progress on our cost-out mission, continue to drive where we believe that Starches & Sweeteners softness gets offset by ethanol margins and policy benefits, continued execution in Nutrition.

So therefore, put all together, Andrew, unfortunately, we are just giving you a wider range because it's all going to depend on ultimately where demand is and then where crush margins go. As the quarters get more clearer and as guidance comes out, we'll be definitely there to update you all.

Just last piece of housekeeping advice. As you know, we don't predict mark-to-market. Mark-to-market within the quarters could move depending on which markets we hedge, when we hedge it, as well as what prices turn out to be as of the end of the quarter. So please do factor that in from a timing perspective as you all think about it. Okay?

Andrew Strelzik *BMO Capital Market - Analyst*

Great. Thank you very much.

Operator

Pooran Sharma, Stephens Inc.

Pooran Sharma *Stephens Inc - Analyst*

Great, thanks for the question. I wanted to ask about just the weaker Starches & Sweetener demand. We've been hearing concerns related to GLP-1 adoption, and that's been leading a lot of customers to move to spot rather than forward buying. But we've also been hearing just maybe tariff pressures causing producers to raise retail prices and that impacting demand. Just wanted to get a sense as to kind of what you're seeing and get your thoughts on to what's driving some of the softness here.

Juan Luciano *Archer-Daniels-Midland Co - Chairman of the Board, President, Chief Executive Officer*

Yeah. Thank you, Pooran, for the question. Listen, I think it's a combination of everything. There are, we go, when we produce what we produce in sweeteners, we go to so many applications that touches many, many end uses, products and also channels. I would say, certainly, when people adopt GLP-1s, we see the consumption drops a little bit as a family. That stabilized, if you will, after six months, but also shift a little bit what they consume, going more into proteins and maybe less savory snacks or sweet snacks.

I think there is a consumer desire to move away from ultra-processed foods to a certain degree, at least initially. And I think we're seeing part of that. It is true that although inflation for food have dropped, the actual level of prices have not dropped for some of these products. And we have seen some of our customers trying different price points to test that elasticity. But prices remained a little bit high. And I think when the consumer see shakiness, if you will, in the labor markets, they start to become more prudent about what they do and they become more sensitive to pricing.

So I think it's a combination of things. We are very blessed to have the ability to make many, many products from corn and we are blessed to have a marketing team looking at industrial applications, whether it's in mining or packaging, on construction and cosmetics and others. And I think that has helped us to soften some of that. But the reality is, yeah, liquid sweeteners volumes are down, maybe in the range of 5% to 7%. And we're fighting hard to offset that.

Part of that offset for 2026 we think will come from 45Z and ethanol margins. And that will keep probably Carb Solutions, the way we think about it, relatively flat year-over-year. But we have an intense focus on protecting that volume and shifting into other applications that may not be exposed to the same trends.

Pooran Sharma *Stephens Inc - Analyst*

Okay. Thank you very much.

Juan Luciano *Archer-Daniels-Midland Co - Chairman of the Board, President, Chief Executive Officer*

You're welcome.

Operator

Tom Palmer, JPMorgan.

Thomas Palmer *JPMorgan Chase & Co - Analyst*

Good morning and thanks for the question. I wanted to maybe just clarify a few guidance items quickly. Just first, I think in the past, you've given dollar amounts for corporate and then percentages for kind of expected tax rate. Apologies if I missed it. I don't think we got it today.

And then on AS&O, a lot of discussion, I guess, on the crushing piece. But RPO and Ag Services, any framing of kind of relative to what we saw in 2026 where they might trend? Thank you.

Monish Patolawala *Archer-Daniels-Midland Co - Chief Financial Officer, Executive Vice President*

So just, you'll have to remind me all your questions, but I'll try, if my memory is right, Tom. One is tax rate. So adjusted ETR or expected ETR for 2026 is between 18% to 20%. On Corporate, as I've said, Corporate will be higher on a year-over-year basis, driven by a few facts. One is the improvement in seg OP. Some of that we're going to use to reinvest back in the business in R&D and digital, number one.

Number two, we will continue to see the impact of a lower incentive compensation in 2025, that won't repeat in 2026. And three is we're going to continue to drive cost out as we have committed to keep driving cost on Corporate. So that's Corporate.

When you think about Ag Services and Oilseeds, I think that was your third question, as we have said before, there's a wide range that could happen between Ag Services and Oilseeds, again, depends on RVO clarity. What we have done, Tom, is at the low end of the range said that assuming there's a deferral of RVO policy or US biofuel policy, we see margins to be flat. And then so that's factored into the low end of the range.

As Juan also mentioned from an Ag Services perspective, North American exports should be higher based on the policy clarity that we have got for, especially with China, where we should see higher volumes sold to China versus what we did in 2025. And then at the high end of the range, I already answered that question on different things to think through.

For the first quarter, I would say, again, crush margins based on the book that we already had, and we have publicly previously disclosed that too when Greg was on stage in another conference, that for Q1, we expect crush margins to be very similar to Q4 in crush margins.

For Q4, we have also disclosed, but just again as you're building your model, these crush margins include a recovery of Decatur East insurance proceeds of approximately $30 million. I think it's $32 million to be precise, that's in those crush margins. So hopefully I answered your questions, Tom. But if I missed something, let me know.

Thomas Palmer *JPMorgan Chase & Co - Analyst*

Thanks so much. Just on the RPO piece, thank you.

Monish Patolawala *Archer-Daniels-Midland Co - Chief Financial Officer, Executive Vice President*

When you say on the, oh, so what's outlook? Again, listen, at the end of the day, Juan's mentioned this on multiple calls, and so as the team. I think, Tom, it's going to come down to what is the demand for RPO. I think that's number one.

And number two, once RVOs come through, there's going to be a time lag between how much you start seeing in crush margins, what RINs do, and therefore, then, how does it incentivize producers to start manufacturing product again as consumers. So as of right now, I think that's all in our range. And it's all going to come down to what RVO policy turns out to be and what demand turns out.

Thomas Palmer ***JPMorgan Chase & Co - Analyst***

Okay, thanks for all the detail.

Operator

Salvator Tiano, Bank of America.

Salvator Tiano ***Bofa Merrill Lynch Asset Holdings Inc - Analyst***

Yes, thank you very much. I want to go back to essentially what happens once the RVOs are out, but taking a step back from explicit crush margins. So the high end of your guidance at $4.25, is it fair to say that it implies kind of starting in July, assuming, as you said, with a lag, you'll see the benefits in July in the high end, in the best case scenario, of perhaps $1.30 EPS per quarter? Is that kind of where the new earnings power is going? And obviously, if that is the case, does this mean that with no other change in your outlook on a full year run rate in 2027, we could see EPS in the low 5s? Is that kind of your big picture view here?

Monish Patolawala ***Archer-Daniels-Midland Co - Chief Financial Officer, Executive Vice President***

So Salvator, again, I think it comes down to it's right now very hard to predict exactly what that number turns out to be. As we have said, there are multiple factors at the high end. It's not just crush margins, which is definitely one factor that should help. The sooner we get the clarity and the more the demand is, as long as the cash margins are there, not just board crush, I think our team is ready to continue to execute to crush and hopefully take advantage of those margins.

The other drivers in the high end of the range, we're also making sure customer demand or consumer demand remains strong. That's the second. And then third, as Juan mentioned, on Sweeteners & Starches and where ethanol margins. So there are multiple factors that have to go into place.

To answer your question on the long run, as Juan mentioned, there are five pillars that we think over the long run that should start helping us. And the company has taken 2025 to continue to be very prudent on cost, but also on cash and using that as a way to invest in these growth platforms that can create value over the long term for ADM.

How that timing works out between '25 and '26 and '27 by quarter, sitting today, Salvator, it's unfair for us to be able to make that prediction because there's so many factors at play. But long term, as Juan mentioned, ADM's ability to keep growing, keep creating value, keep returning value to shareholders, whether in the form of dividend or other forms continues to remain a big keystone of our capital allocation policy and our thesis to return value to shareholders.

Salvator Tiano ***Bofa Merrill Lynch Asset Holdings Inc - Analyst***

Great. Thank you very much.

Operator

Steven Haynes, Morgan Stanley.

Steven Haynes ***Morgan Stanley - Analyst***

Hey, good morning and thanks for taking my question. I wanted to come back to the Carb Solutions guide for the year. And maybe if you could just help us think a little bit about how your sweetener contracting season went or is progressing. And I guess kind of within your guide, how much of that weakness is related to maybe margin versus volume?

And then secondly, if you've included any kind of explicit uplift from 45Z or 45Q, if you're willing to quantify that, that would be helpful. Thank you.

Juan Luciano *Archer-Daniels-Midland Co - Chairman of the Board, President, Chief Executive Officer*

So yes, Steven. Carb Solutions, the contract season went well. But as I said, with some softness in volume that, at the end of the day, impacts margin. I can't quantify exactly how much of this. As I told you before, we don't have this big cliffs of contracts anymore. So I think that it is a blend. But certainly versus other negotiations, it has been a little bit softer this year than others.

With regards to 45Z, there are many factors to consider, of course, to estimate the benefit. As you know, we need to think about the carbon intensity by plant, the prevailing wage issue, the amount of carbon we sequester during all these, the production volumes. And of course, we need to see how the industry will react in terms of pricing to all this 45Z.

We still don't have final guidance, but we know that this has cleared the White House Office of Budget. So we hope to hear from them soon. We think, when we put in our estimate, we think that it could be approximately $100 million. But as I said, just to give you a flavor, there are many variables. So take that with a grain of salt.

Steven Haynes *Morgan Stanley - Analyst*

Thank you. Appreciate the color.

Juan Luciano *Archer-Daniels-Midland Co - Chairman of the Board, President, Chief Executive Officer*

You're welcome.

Operator

Matthew Blair, TPH&Co.

Matthew Blair *Tudor Pickering Holt & Co Securities LLC - Analyst*

Great. Thanks so much for squeezing me in here. You mentioned that you're expecting robust ethanol exports to continue in 2026. I think India already hit its 20% ethanol blend rate target. So could you talk about other markets where you see incremental opportunities for ethanol exports from the US?

And then also, do you have any thoughts on the likelihood of E15? And if that does pass, is there any sort of range or any sort of guide on the potential uplift to your Carb Solutions business? Thanks.

Juan Luciano *Archer-Daniels-Midland Co - Chairman of the Board, President, Chief Executive Officer*

Yeah. Thank you, Matthew. Listen, the US continues to be very competitive in ethanol in world markets, and I think it's certainly more competitive than Brazil. And there are many, many countries that, with the need for more energy for all the AI that you see and all that, there is a strong desire of removing a little bit of the burden of transportation into the oil segment.

So bringing biofuels is important for sustainability perspective, but also to enlarge the energy pool. So we're seeing countries, and anecdotally, like Vietnam is going to launch some, but there are, like Japan is, have it in the forecast. So there are many countries queuing to do that.

The blending rates could go high. I always give the anecdote that when I was living in Brazil, like 30 years ago, we were already driving cars with 20-something percent ethanol, and they were American-made cars, if you will, by brand. So that can be done.

So whether we can go E15 or not, it's a matter of the industry to align to that to have only one pipeline and only one, but there are no issues to move into E15. So we think that eventually, we're going to get there. Again, timing is the key, and I'm not into forecasting timing. So we feel very good about that.

It continues to be a very cheap oxygenate. I mean oxygenates comparable to that trade for like maybe $2.90, and ethanol is, well, like $1.60 or something like that. So it continues to be very competitive. So we're optimistic into that.

We also have plans that we'll have the opportunity to provide low carbon intensity to that based on our carbon capture and sequestration. And I think that will bring other avenues for ethanol, potentially SAF and other things, not only here but outside the world. So I think we are positive about that.

I think it speaks a little bit, because at times, biofuels become less of an impact to us, at times like now becomes more important. It speaks a lot about the strength of our diversified model, that we are global and very diversified portfolio, that allows us to do things like invest for growth while we are able to increase the dividend like we increased this year, even at times in which you can consider this almost like trough conditions from an industry perspective. So I think it shows the strength of our model that provides a very strong base during the tough times.

And now you're all asking questions about what could be the upside, and we would like to ride to the upside. And all we can do is improve our facilities to be able to run fully when that time come and being able to take a full advantage of the market opportunities or the regulation opportunities that will be presented to us. So we've been very satisfied how we handle the cash and the increase of dividends over the last two years. They were tough market conditions. And now we are ready to ride the upper side of the cycle, if you will.

Operator

Great. Thank you, Mathew. We have no further questions. I'll hand back to Kate Walsh for any closing comments

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Kate Walsh *Archer-Daniels-Midland Co - Director, Investor Relations*

Thank you all for joining the call today. We appreciate your continued interest and support of ADM and wish you a great rest of your day.

Operator

Thank you. This now concludes today's call. Thank you all for joining, and you may now disconnect your lines.

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