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EDITED TRANSCRIPT

Archer Daniels Midland Co at Goldman Sachs Industrials & Materials Conference (Virtual)

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

PRESENTATION

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

Thank you, and good afternoon, everyone. Thank you for continuing to attend our Goldman Sachs industrials and materials conference. Pleased today to have Archer-Daniels-Midland Company present. By the way, my name is Adam Samuelson. I'm the agribusiness equity research analyst here at Goldman.

But we're very happy to host ADM, who -- where we have Ray Young, our Chief Financial Officer, here to do a fireside chat. Before I pass it over to Ray, who's got a few opening remarks, I did want to make sure everybody on the webcast was aware. We're happy to solicit questions electronically via the webcast. There should be a box in your screen where you can type those in and we will get to those later in our discussion.

But before that. I'll ask some questions, and Ray is going to start with some prepared remarks. So Ray, thank you for joining us. The floor is yours.

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

Yes. Thank you, Adam, and good day, everyone. I'm pleased to be able to participate in this fireside chat and share some of my thoughts on where we are at ADM. Let me provide some brief opening remarks, and then we'll go right into the Q&A with Adam here.

We recently announced our first quarter earnings and Juan provided an excellent perspective on the call of how ADM was prepared to deal with the COVID-19 situation. When it became clear that COVID represented a growing risk to the world, we activated a global pandemic leadership team in early February that still meets daily to review the situation to determine action that we needed to take.

We put in place very early strict guidelines to protect our employees and contractors, from towel restrictions to social distancing requirements. Our first priority was to operate safely, and our second priority was to operate effectively.

What our team accomplished is truly remarkable, from our IT team ordering 12,000 new laptops netting 22 new servers to enable colleagues around the world to work remotely; to our commercial and procurement groups, ensuring we had everything we needed from raw materials at our plants to PPE for our colleagues; for our global business services team and controllers team, who start preparing ourselves as early as February for a virtual Q1 closed process; to our finance teams, who in late March put together a successful issuance of term debt to enhance our cash position, reduce our exposure to credit market volatility. Our 38,000 colleagues worldwide have done an incredible job in extremely difficult circumstances to continue to fulfill global needs.

We're also planning for our post COVID-19 transition. ADM has guidelines for employees around the world on how we will return to work with our priority being our employees' safety. In many cases, we will still have a large portion of our colleagues working from home in the near term as we have proven our ability to operate virtually. We are analyzing consumer behaviors as regions of the world start to reopen, and we're using technology to stay engaged with our customers.

For example, we have created virtual innovation sessions to work with our customers so we can continue to design products and solutions that meet the changing needs. Finally, while we and the rest of the world return to a new normal, we're also advancing our transformation work to make ADM an even better company in the years to come. In that respect, the COVID-19 crisis has not slowed down the execution of our strategy.

We continue to make great progress on many of our underperforming businesses or what I call our improved objective. We continue to

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drive accretion returns on our recent investments, which I call our harvest objective. And you saw some of the benefits of our harvesting with the strong performance that our nutrition business delivered in the first quarter. And we remain focused on execution of Readiness, which I view as our continuous improvement objective on costs, revenues and superior business processes and systems. Our Readiness pipeline remains robust, with $920 million in run rate benefits on an annual basis unlocked since the program began.

Most importantly, we remain on track to deliver $500 million to $600 million of gross improvements in 2020 net of inflation that are based upon actions more under our control.

To conclude, I am confident in the past that people may have taken getting food a bit for granted. In today's environment now, more than ever, ADM's purpose of providing nutrition to the world couldn't be more important.

With that, let me hand it over back to Adam for Qs and As. Adam?

QUESTIONS AND ANSWERS

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

Thank you, Ray. And I appreciate those opening comments. Maybe, in there, you talked -- you gave some discussion of some of the proactive steps you took internally to prepare for COVID.

Maybe if we could just start just thinking about the impact it's actually having on the actual business from a supply/demand in some of various value chains that you participate in? And which businesses are seeing the most -- the biggest impacts both positively and negatively from the changing demand environment we're in?

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

Yes, Adam. I mean, as we've commented, we been very, very diligent protecting our colleagues worldwide. So first and foremost, we're very pleased that we have been able to actually manage the COVID-19 situation, worldwide, in terms of our work environment, our employees. We're seeing a bending of our curve in the number of quarantine cases globally.

In addition, and very importantly, our supply chains have been managed with only very limited outages of some of the smaller operations worldwide. The most visible impact that we've seen so far, and as we commented in the first quarter earnings, has been the demand environment for ethanol. As a result, the shelter-in-place orders. So that naturally had some impact in terms of our Carbohydrate Solutions business.

In the first quarter, we did see some pantry loading impacts in some of our businesses such as flour. And we do expect, in the second quarter, some of these pantry loading impacts to actually normalize. In addition, due to the reductions to the foodservice demand in March and April, we'll have, probably, a greater impact in the second quarter on some of our cooking oils businesses that goes into the foodservice sector as well as the sweetener business that goes into the foodservice sector.

But again, I think the biggest impact so far in our overall business has been the ethanol business. Fortunately, we are starting to see markets open up around the world, so we should start seeing some improvement in the businesses related to foodservice and some sort of recovery in terms of demand.

And actually, Adam, it was interesting. I read one of your Goldman Sachs' reports, a report talking about the reopening scale. And you did comment that in terms of sales for restaurants, dollar revenue sales to restaurants in late March, it was probably about 60% down. And then the report did indicate that in early May, it's only about 40% down. So you're seeing some level of recovery are reoccurring in the total revenues for restaurants. And what's interesting, and we see this as well. In the QSRs, QSR sales probably dropped in the latter part of March in early April. And now depending on which QSR outlet, it actually may be flat year-over-year.

So this is actually some encouraging signs that we're seeing on the food service side of the business now.

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

Okay. That's very helpful. So I mean as we think about that kind of this change kind of market environment and kind of where you were coming into the year. I think you had previously been talking about a $500 million, $600 million earnings kind of tailwind in 2020 from a lot of self-help initiatives, some of the M&A you've done and just the absence of some discrete headwinds some businesses faced last year.

Just how do we think about that growth, the sources of that growth in 2020? Or how much is real -- how much can we still experience? How much has maybe gone away or been superceded by other factors? Or -- and how -- what's the longer-term impact of those actions?

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

Well, we did indicate going into the year that we felt that the actions more under our control should be able to deliver about $500 million to $600 million of gross improvements to segment OP net of inflation. And we think that we're still on track on those items that we can control.

So for example, the improved businesses, I mean, last year, there were certain businesses that underperform. We focused a lot on those businesses, and we're actually very encouraged right now. Like on the improved business, we should be on track towards achieving anywhere probably around $100 million of year-over-year improvements on the year -- improved businesses. I mean this includes the Decatur complex, some of the lysine yield improvement initiatives, the EMEA sweeteners and starches business. So we're very encouraged about that.

On the harvest side, which was actually a major part of our improvement for this year, we've made a lot of recent investments over the year. And so as tested in the Nutrition business and so we've been actually being pleased out on the harvest side, things such as Neovia, the accretion from the Neovia investment. The accretion from some of the recent bolt-on investments in the citrus platform and the vanilla platform, our Campo Grande facility down in Brazil. And now we got the pea protein plant up and running.

So we're very encouraged on the harvest side. We're on track towards achieving, probably, in the neighborhood of $200 million of improvements in that area there. And then, actually, last year, we had some weather issues. So far, we've been fortunate. Weather has been "more normal" this year. So we should be able to avoid the $125 million of weather-related issues.

We did a bunch of intervention actions last year. The carryover impact this year should be about $120 million. So we feel good about that. And then, the incremental Readiness initiatives that we've talked about in the past should be about $200 million, $250 million. And then offset that with a little bit of inflation, about $200 million in inflation and other offsets, we should be on track towards the $500 million to $600 million of the gross improvements that we talked about here.

So I feel good about that aspect there. Naturally, there's going to be market factors that are going to impact our overall results this year, a lot of it driven by COVID-19, such as the ethanol margin environment et cetera, et cetera.

So but again, we're managing through that. But when I think about earnings power for ADM in terms of how we make the company better for the future, is these factors under our control, which fundamentally would drive the earnings power improvements into the future.

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

Okay. And maybe we'll continue talking about some of those internal initiatives, and the Nutrition business, in particular. I mean, that was one that was sourced or has benefited from light M&A in the last couple of years. The Neovia transaction early last year had very strong first quarter. Profit was up 75%. You've only talked to growth of 20% plus for the entire year. So how should we reconcile the very robust first quarter performance, implying kind of more muted outlook for the balance of the year? And more generally, how do you think that business performs in a recessionary environment?

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

In the case of Nutrition, we did have the very strong year-over-year growth in the first quarter, 75%, as you mentioned. Don't forget, last year, we actually closed on Neovia at the end of January. And so -- and as you appreciate -- and in the first year of any acquisition, your accretion is probably -- it's fairly low. We also had a purchase price adjustment factor in the first quarter last year.

So therefore, I will have to say, part of it is just due to the fact that the Neovia acquisition, we're very pleased in terms of how it's running right now, fully up and running. Our synergy target of EUR 50 million, we more or less have achieved it 2 years ahead of schedule. So part of it is just the success in terms of the Neovia acquisition.

The second factor is, frankly, WILD Flavors. That business has been doing extremely well in terms of organic growth. A lot of the customer wins have been working through, they're coming through the bottom line right now in terms of operating profitability. And as you know, we've done a series of bolt-ons in terms of expanding the footprint, particularly on the citrus platforms, which is now contributing towards overall results. Especially ingredients, as you know, we have had the Campo Grande plant, the pea protein plant in Enderlin. These are now being accretive towards our overall results.

And then last year, we did have some operational issues in the Nutrition business. And I think what I've been extremely pleased about is with our center of expertise in terms of global operations that we setup last year, we're seeing that the benefits of the COE organization in terms of helping us manage through some of these operational issues that we had last year. And frankly, this year in the first quarter, when I look at Nutrition result, we didn't really have any operational issues, which, again, that's been a big positive in terms of helping us in our overall results.

And then our health and wellness business, a much smaller business. But again, it's growing leaps and bounds right now. And it's actually contributing also towards the growth. And then, lastly, I did talk about animal nutrition in Neovia. So I would have to say, Adam, 75% is a big growth number for the first quarter. Certain reasons why that percentage is so high. We maintain our guidance at a 20%-plus growth rate for the calendar year.

We may be a little bit conservative because, again, we still have to kind of see how the world unfolds as we go through the rest of the year in terms of recovery of certain businesses, that restaurant business. We also have to keep an eye on our lysine business in terms of how the lysine pricing environment may evolve. But as I kind of think about the Nutrition business in the context of, say, a recessionary environment, which is very likely that we are heading towards a recession right now, this should be the business within the ADM that is most insulated against a recessionary environment.

Because, again, we have a very diversified customer base for the products within Nutrition, both the large CPGs as well as the smaller, very, very specialized niche players in the marketplace. And we can actually adjust our portfolio fairly quickly in terms of the product mix in order to service whatever the consumer actually needs at any point in time here.

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

Okay. That's very helpful. And so as we think about the forward path there, maybe some easy comps in the first half of this year. But changing over the next 2 to 3 years with Nutrition, I mean, is this a business that you think -- I mean, help me think about the growth algorithm for the portfolio that you put together and how you think about its kind of performance or the margin opportunity relative to the competitors that you face in a couple of these different verticals.

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

We've always stated the Nutrition business is something like a 2x GDP cover business, in terms of growth rates. And recognizing, I think this year, there's probably a little bit of global recession here. But you put that aside, and when you get back on to the trend line, we should be clearly growing faster than GDP within this business here. When you take a look at what we've already invested, we still have a lot of harvest in terms of the investments that we've made. Whether it would be WILD -- again, we bought WILD in 2014. And frankly, we're still driving a lot of growth in terms of this WILD business through a lot of our initiatives.

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Neovia, we only bought last year, so therefore, the huge potential to continue to grow this business here. What gets me most excited is it was -- now we're really truly integrating this entire business in terms of a full nutrition platform. And so that power of being able to offer systems and solutions to our customers, which I think this is what differentiates ADM from many other companies in the nutrition space, in the green space: the power of being able to bring all of our businesses together to help customers come up with system solutions. That's what's going to propel our growth into the future here. And so we're not -- I mean, we've -- when we state about what our objective is for Nutrition, we've talked about Nutrition being at least 25% of our total operating profits of this company as we kind of moved through the 5-year plan. And as I kind of think about this company and the growth of this company, there's no reason why, eventually -- I mean this is down the road. I mean Nutrition should be able to contribute like $1 billion of operating profits towards our overall profitability of the company here.

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

Okay. Well, that's very helpful. Maybe kind of returning back to some of the other parts of the portfolio. Maybe if we could just touch to the Ag Services and Oilseeds business. Maybe just start just on the oilseed crush side. Just help us think about the dynamics in the marketplace today. You had pretty volatile crush margins that had rallied pretty strongly, February, March and falling off more recently, maybe bouncing again. But some of the puts and takes kind of impacting global oilseed crush right now and especially the impact of some of the volatility in the animal protein side in the U.S.? And how do you see that impacting your business, if at all?

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

Yes. First and foremost, I just want to make sure you understand that. We at ADM, we love our global oilseeds crush business. We think this is actually one of our most important businesses in our portfolio. And it's a business that is going to grow with global GDP growth as middle class continues to grow, demand for animal protein from a trend perspective continues to grow and demand for cooking oils continue to grow. So as a business in general, it's a business that we like.

In the short term, clearly, we're seeing some challenges in terms of the crush. You mentioned the volatility that you're seeing in the crush margins. And I keep on reminding people that you are going to see short-term volatility in crush margins because the more crush, I would say, overshoots and undershoots based upon multiple -- multitude of factors, including how some of the financial traders are trading the board crush. But when we take a look at the business right now, clearly, our thinking is that soybean meal demand this year, probably will be lower than what we had indicated in the past in terms of growth during our fourth quarter earnings call.

I think the impact of the disruptions that we've seen in the animal protein business is probably going to have a short-term factor in terms of what's happening in terms of soybean meal demand.

I do think the disruptions that we've seen right now, the problem, the worst has occurred, right? And we're seeing that some of the plants that are being shut down are now coming back online again. I was very pleased that the U.S. government got involved in order to trying to provide guidelines, standardized guidelines to all the animal protein plants around the country in terms of how to come back online again. So I guess we have a set of common standards now across the country. And that's, frankly, very, very helpful.

We're also seeing these companies actually establish procedures and processes in order to help bring these plants back online again. So I mean, clearly, we saw a disruption. I do believe the worst is behind us, and so we should start seeing a recovery in terms of animal protein processing. And hopefully, that will result in -- and basically, on the animal side of the equation, in terms of the number of animals, hogs, cattle and poultry being raised, we're hopefully seeing the worst behind us as we kind of move through the rest of the year.

In the case of the vegetable oil side of the business, I mean clearly, there's puts and takes, right? We had actually a reasonable first quarter in terms of the oil side of the business. But we're seeing, clearly, the reduction in terms of the foodservice sector, particularly in the month of March. And that's when a lot of the shelter-in-place orders actually came into place.

We're seeing that the reduction in terms of demand for cooking oils, it will have some impact, clearly, in the second quarter. And in the case of the biodiesel part of the business, we saw reductions in terms of demand over in Europe because, again, diesel is used in passenger cars in Europe, extensively. And so we'll have to wait until the shelter-in-place orders start recovering over in Europe before we

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see some level of recovery in biodiesel demand.

But I will have to say, overall, I think this year, we'll be a little lower than what we thought in terms of just general demand environment for both the soybean meal and soybean oil. But I do believe that as we kind of get through the COVID-19 crisis, we get out of the shelter-in-place, that when you get into 2021, we should start moving back into our normal growth trajectory, in terms of meal and oil again.

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

Okay. That's helpful. And then thinking about the ag services kind of piece of the segment and trying to just think about the key unknowns as we sit here today and size of the U.S. crop and U.S. exports would be the big kind of things I would think about. But just help us think about how those could influence your business in the back half of the year? And the interplay between Ag Services and Oilseeds and where the opportunity really lies there?

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

Well, we had -- as you know we had a good start to ag services this year, first quarter. I think the Brazilian origination was extremely strong. In fact, the origination volumes down in Brazil were double the volumes that we had last year. And a lot of it is driven by the fact that the Brazilian currency has weakened considerably, and that actually has motivated the Brazilian farmers to sell aggressively.

We're seeing the Brazilian currency remain weak in the second quarter, and that should also continue to translate into aggressive farmer selling. So we should be able to benefit from that. As you move into the back half of the year, clearly, it becomes more of a North American story. When you look at the [YSD] report, it looks like in terms of acreage plants, that -- I mean, they're still pretty high on the corn side. It's still reasonable on the soybean side. There's probably a shift between corn and soybeans as they go through their revisions.

But nevertheless, it's still going to be probably 15 million acres more being planted this year compared to last year. So the overall size of the crop, absent any weather disruption, which, again, we haven't seen any thus far, this is going to be a big crop here in the United States for the upcoming season, which it would be good news.

On the demand side, the big question on demand will be China demand, right? And we've stated that we believe that the Phase 1 trade deal is going to get honored. All the indications in terms of the actions that the Chinese took in the first part of the year so far in terms of purchases, the indications that we're getting from different officials who are party to the trade agreements, they're all indicating that both from the U.S. side and the China side, we should be progressing down Phase 1.

And then the fact that China has left the book open in September, October, November, December, January for soybean purchases indicates that they're keeping the book open for them to buy products from the United States. And so we're actually very encouraged that this should translate into strong exports as we move into the back part of this year from the United States. Definitely on the soybean side, probably even some corn, right, in order to add to the equation -- in order to kind of meet the commitments that they have in year 1.

And so we are encouraged that the Ag Services group should have a strong first half of the year from, frankly, Brazil origination, and then the second half of the year from U.S. origination.

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

Okay. Great. And then, I actually have a question that's come in from the webcast related to the ethanol side. And the question is really trying to just think about kind of the path forward for ethanol? And what does the ethanol industry look like in a year's time? And is that actually potentially a positive for ADM, if there is some rationalization that happens?

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

We've been encouraged in terms of what we're seeing in terms of the industry inventory adjustments that have occurred, frankly, over the past 4 weeks. The industry kind of peaked in terms of inventory around the middle of April, 27.7 million barrels based on EIA data. The last -- the data suggests that we're down to about 24.2 million barrels of ethanol in our industry.

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So the industry discipline in terms of reducing capacity, idling plants, this is actually turning out to be a positive in terms of getting our inventory levels down. I've always stated that we need to get this thing down to about 20 million barrels as an industry. And then at that juncture, then you start getting -- recovering margins within the industry.

As I kind of think through the rest of the year, I think, to the extent that the industry remains disciplined in terms of managing the capacity and the production rates over the next several months, not being too anxious in order to bring production back online, the demand environment should come back because it's driving miles return, gasoline consumption will go up and ethanol demand will go up. So therefore, I think the demand side, we should see -- we should have an inflection point, frankly speaking, starting, frankly, right now. And you're even seeing some of that in terms of the gasoline demand statistics coming out the month of May.

So to the extent that the supply/demand continues to shift towards bringing down inventory levels -- and then as you move to the back half of the year, there is the variable as to what happens with China in terms of purchasing ethanol. And one of the fortunate things on the Phase 1 deal is we were able to get ethanol as part of the agricultural basket when it comes to measuring agricultural exports to China. So that's a variable work we keep a close eye on.

But you could actually see a scenario by the supply/demand inventories come down to reasonable levels. You're going to see supply/demand actually get a little bit balanced, a better balance. And in terms of the recovery of production, I mean, one of the things that we're going to keep an eye on is whether the entire industry would be able to recover its production because some of the smaller plants may be a little bit more challenged in terms of getting working capital depending on credit market conditions as we kind of move through the year, whether they're able to get working capital in or to buy corn in order to start up ethanol plants.

And so I think that the -- frankly, I think that recovery of production is going to be slower than what maybe people may have thought because I think some of the smaller plants will take some time to recover. We even indicated that when we idled our 2 dry mills, we're playing a baseline idling about 4 months. Our sense is that we want to make sure the inventory levels of the industry get down to a level that, frankly, is sustainable in terms of allowing industry EBITDA margins to be stronger, much stronger in the back half of the year.

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

Okay. That's very helpful. So maybe one more in the Carbohydrate Solutions segment then and then kind of jolly around high fructose corn syrup. And I guess, trying to think about the impact of softness in beverage demand this year and how you would frame kind of what could happen next year as we get towards the next round of contracting? And just from a supply industry capacity utilization perspective and how lower corn prices and lower corn costs kind of -- can influence or maybe mitigate some of that dynamic?

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

Clearly, the foodservice sector, the reductions that we've seen starting really into March, is going to have an impact, clearly. I think it's going to hit the demand for corn-based sweeteners probably in the second quarter quite significantly here. So we've already signaled that second quarter will probably be a tougher quarter in terms of overall sweetener demand in the industry here.

With the foodservice sector starting to recover, particularly the QSRs, right? So we think that we've hit trough in terms of demand, like for carbonated soft drinks. And you'll see some level of recovery, which then should translate to some level of recovery for sweeteners as you go into the latter part of the second quarter and in the third quarter.

One of the other factors that we're keeping an eye on is events, right? Sports events, entertainment events. I mean, generally, that's also a big consumer of carbonated soft drinks, and it looks like that may not be normal for this summer. So we may have kind of lost demand from that side of the equation as we kind of go through the summer months there. But then as you kind of move into the fourth quarter, as you mentioned, that's normally when you actually get into the contract season. We happen to see kind of what the environment looks like at that point in time in terms of supply/demand. We'll have to take a look at kind of where corn prices are at that point in time as well and determine what net corn cost will be.

And at that juncture then, that will be the basis upon us negotiating the contracts that have to be renewed because not all contracts get renewed in the fourth quarter. Some of the contracts are multiyear contracts. But we'll get to that point in time, and we'll negotiate the

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contracts for the following season. And generally, we'd like to try to preserve margin as we go through these contracts here.

But again, there's still a lot of time to evolve in terms of the path of recovery in terms of the restaurant sector, the foodservice sector. So there's still a lot of time to kind of evaluate in terms of supply, demand balances as well as net corn costs. And by the time we get to the fourth quarter, then we'll enter our negotiations.

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

Okay. And then maybe, just before we run out of time. I would be remiss if we didn't think about capital allocation for a little bit. I mean, the balance sheet is quite strong. How do you think about priority uses of cash in the current environment, growing the dividend, more aggressive buyback, M&A opportunities or just better deleveraging?

Just help us think about how you're balancing that right now.

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

Yes. Fortunately, our balance sheet, as you saw in the first quarter earnings, is very strong. I mean extremely strong liquidity position, strong available credit position. We've built up the balance sheet over the years. And frankly, we took even more actions in the first quarter when we saw the volatility in -- particularly in the short-term credit markets. So I feel good about where we are.

And our dividend is absolutely safe, right? There's no issue on that. So when we think about capital allocation going forward, I mean, we've bought back shares already in the first quarter of the year below book value, opportunistically, in order to kind of offset dilution, any dilution that we will have this year.

I think for the rest of the year, we probably will have to deleverage our balance sheet a little bit further in order to get our metrics down to the low 2s. That is something that we really believe is important in order to maintain solid investment grade, solid A-rated ratings, access to commercial paper. That's important. But at the same time, I mean we have flexibility. I mean, to the extent that there's any opportunities to divest certain assets and generate some cash, to the extent that there's maybe some bolt-on acquisitions out there that make sense. I mean we're always going to look at that, right? And we're always going to be opportunistic in terms of looking at opportunities to do bolt-on acquisitions, opportunities to further prune our portfolio.

So -- but we have announced in our last quarterly earnings call, that we will bring down capital spending from slightly below $1 billion to above $800 million levels. And that's just simply due to the fact that in this environment, it's actually very difficult to do certain discretionary projects. And so that -- I think this is more in the case of practically how much can you do in a COVID-19 world?

So that will free up a little bit of liquidity, too, to the extent that there's something -- a smart bolt-on that makes sense for us to engage on as well. But overall, I would have to say, it is a balanced capital allocation framework. Return of capital to shareholders are important. The dividend is important. We've been opportunistic in terms of share buybacks, and we'll look at smart bolt-ons where they make sense.

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

Okay. Great. Well, I think we're just about up at our scheduled time. So maybe we'll stop it there.

Ray, I really want to thank you and ADM for agreeing to participate today. I want to thank everybody on the webcast for joining in. And I hope everyone has a great afternoon and a great weekend. Thank you.

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

Okay. Thank you, everyone. Take care now. Bye-bye.

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