



# **Second Quarter 2014**

**Earnings Conference Call**

**August 5, 2014**



# Safe Harbor Statement

**Some of our statements 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 are based on many assumptions and factors that are subject to risk and uncertainties. ADM has provided additional information in its reports on file with the SEC concerning assumptions and factors that could cause actual results to differ materially from those in this presentation, and you should carefully review the assumptions and factors in our SEC reports.**

**To the extent permitted under applicable law, ADM assumes no obligation to update any forward-looking statements as a result of new information or future events.**



# **Chairman's Perspective**

**Team continued to execute very well**

**Delivered strong results**

- **Robust ethanol demand**
- **Recovery of U.S. grain exports**
- **Continuing strong demand for oilseeds products**

**Actions are improving returns**

**North American and European crops developing nicely**



# Q2 2014 Financial Highlights

## 200-basis-point improvement in returns year over year

(Amounts in millions, except per share data and percentages)

	Quarter Ended June 30		
	2014	2013	Change
Adjusted earnings per share <sup>(1)(2)</sup>	\$ 0.77	\$ 0.46	\$ 0.31
Adjusted segment operating profit <sup>(1)(3)</sup>	\$ 819	\$ 621	\$ 198
Effective tax rate	28%	29%	
Trailing 4Q average adjusted ROIC <sup>(1)(4)</sup>	7.7%	5.7%	2.0%
Annual WACC	6.4%	5.3%	1.1%
Trailing 4Q Average Adjusted EVA <sup>(1)(4)</sup>	\$ 345	\$ 113	\$ 232

<sup>(1)</sup> Non-GAAP measure - see notes on page 22

<sup>(2)</sup> For reconciliation of adjusted earnings per share - see page 18

<sup>(3)</sup> Adjusted segment operating profit is total segment operating profit excluding specified items and timing effects

<sup>(4)</sup> Excluding specified items consistent with adjusted earnings per share - see current year reconciliation on page 20 and notes on page 22



# Segment Operating Profit and Corporate Results

<i>(Amounts in millions)</i>	Quarter Ended June 30		
	2014	2013	Change
<b>Oilseeds Processing</b>	\$ 327	\$ 321	\$ 6
Crushing & Origination	163	185	(22)
Refining, Packaging, Biodiesel	119	93	26
Cocoa & Other (excluding timing effects)	20	(17)	37
Cocoa hedge timing effects <sup>(2)</sup>	(1)	11	(12)
Asia	26	49	(23)
<b>Corn Processing</b>	\$ 347	\$ 223	\$ 124
Sweeteners & Starches (excluding timing effects)	136	111	25
Bioproducts (excluding timing effects)	141	97	44
Corn hedge timing effects <sup>(2)</sup>	70	15	55
<b>Agricultural Services</b>	\$ 203	\$ 81	\$ 122
Merchandising & Handling	115	14	101
Transportation	27	3	24
Milling & Other	61	64	(3)
<b>Financial</b>	\$ 11	\$ 22	\$ (11)
<b>Total Segment Operating Profit<sup>(1)</sup></b>	\$ 888	\$ 647	\$ 241
<b>Memo: Adjusted Segment Operating Profit<sup>(1)(2)</sup></b>	\$ 819	\$ 621	\$ 198
<b>Corporate</b>	\$ (153)	\$ (330)	\$ 177
LIFO credit (charge)	73	(39)	112
Interest expense - net	(78)	(104)	26
Unallocated corporate costs	(109)	(71)	(38)
Other charges	(31)	(80)	49
Minority interest and other	(8)	(36)	28
<b>Earnings Before Income Taxes</b>	\$ 735	\$ 317	\$ 418

<sup>(1)</sup> Non-GAAP measure - see notes on page 22

<sup>(2)</sup> Adjusted segment operating profit equals total segment operating profit adjusted for specified items and timing effects



# Cash Flow Summary

**Remain committed to returning \$1.4 billion to shareholders in 2014**

<i>(Amounts in millions)</i>	Six Months Ended June 30	
	2014	2013
Cash from operations before working capital changes	\$ 1,052	\$ 707
Changes in working capital	(69)	1,641
Purchases of property, plant and equipment	(398)	(442)
Net assets of businesses acquired	-	(16)
<b>Sub-Total</b>	<b>585</b>	<b>1,890</b>
Marketable securities investment	50	324
Other investing activities	91	192
Debt increase/(decrease) - net	(1,290)	(2,027)
Dividends	(315)	(250)
Stock buyback	(493)	(11)
Other	(119)	16
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>\$ (1,491)</b>	<b>\$ 134</b>



# Balance Sheet Highlights

## Strong balance sheet provides significant financial flexibility

(Amounts in millions)

	June 30, 2014	June 30, 2013
Cash <sup>(1)</sup>	\$ 1,996	\$ 2,029
Net property, plant and equipment	10,110	10,091
Operating working capital <sup>(2)</sup>	\$ 11,024	\$ 12,042
- Total Inventories	9,024	10,194
Total debt	\$ 5,622	\$ 7,524
- CP outstanding	-	150
Shareholders' equity	\$ 20,219	\$ 19,013
Note: Available credit capacity		
- CP	\$ 4.0 bil	\$ 5.9 bil
- Other	\$ 3.9 bil	\$ 2.0 bil
Memo: Readily marketable inventory	\$ 5.3 bil	\$ 6.1 bil

<sup>(1)</sup>Cash = cash and cash equivalents and short-term marketable securities

<sup>(2)</sup>Current assets (excluding cash and cash equivalents and short-term marketable securities) less current liabilities (excluding short-term debt and current maturities of long-term debt)



# Segment Operating Profit Up

(Segment operating profits in millions. Excludes specified items and timing effects.)

Q2 2013  
\$621

Q3 2013  
\$632

Q4 2013  
\$1,040

Q1 2014  
\$780

Q2 2014  
\$819\*



- Segment operating profit improved sequentially
- Results up year-over-year across all three major segments



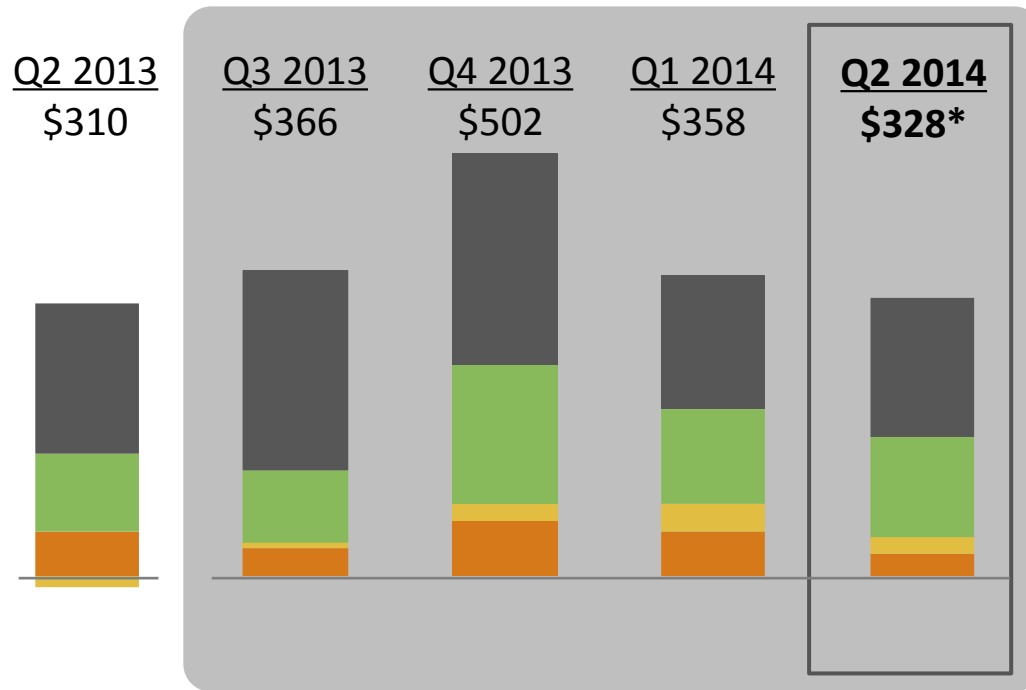
\*Segment operating profit as reported was \$888M





# Oilseeds Delivered Solid Quarter

(Segment operating profits in millions. Excludes specified items and timing effects.)



- Crushing & Origination
- Refining, Packaging, Biodiesel
- Cocoa & Other
- Asia

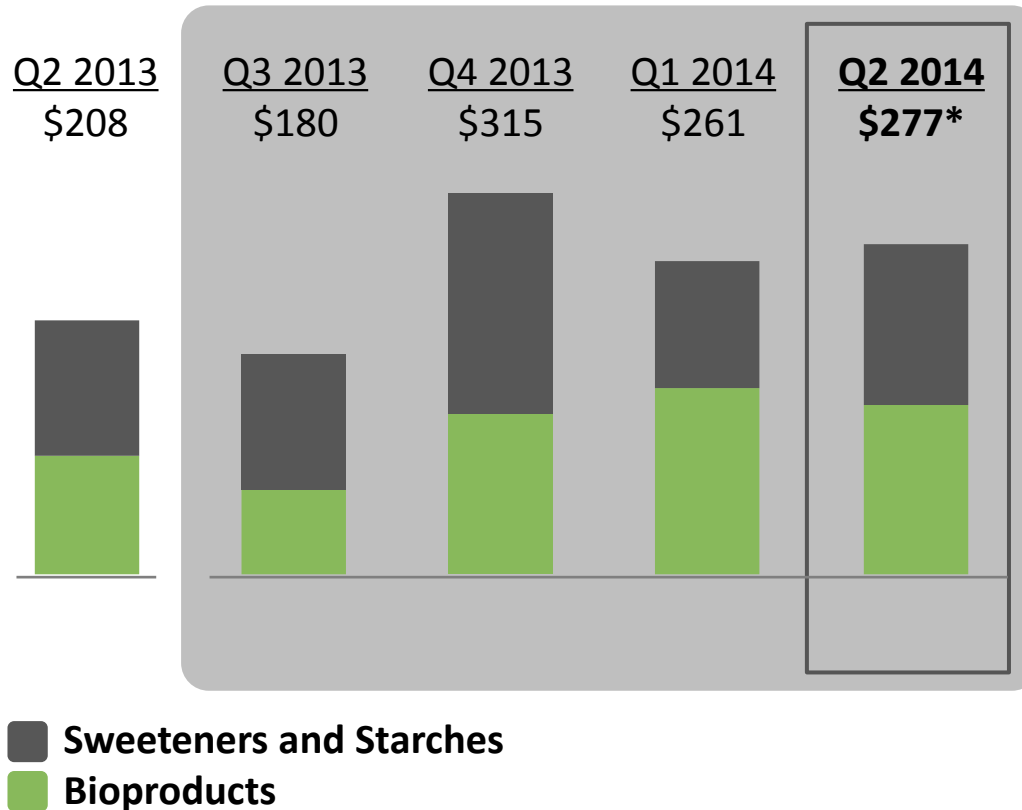
- N.A. soy and canola crush good
- S.A. demand led to strong utilization and margins in crush, refining and packaging
- Slower farmer selling limited S.A. origination
- Good EU softseed crush margins
- Record quarters for lecithin and protein specialties
- Lower earnings from Wilmar

\*Oilseeds operating profit as reported was \$327M



# Corn Performed Well Across the Segment

(Segment operating profits in millions. Excludes specified items and timing effects.)



- Domestic and export demand for ethanol drove margins and volumes
- Size and expertise allowed ADM to keep fuel blenders supplied
- S&S managed product mix and leveraged low net corn to maximize volumes and margins
- High capacity utilization amid good S&S demand

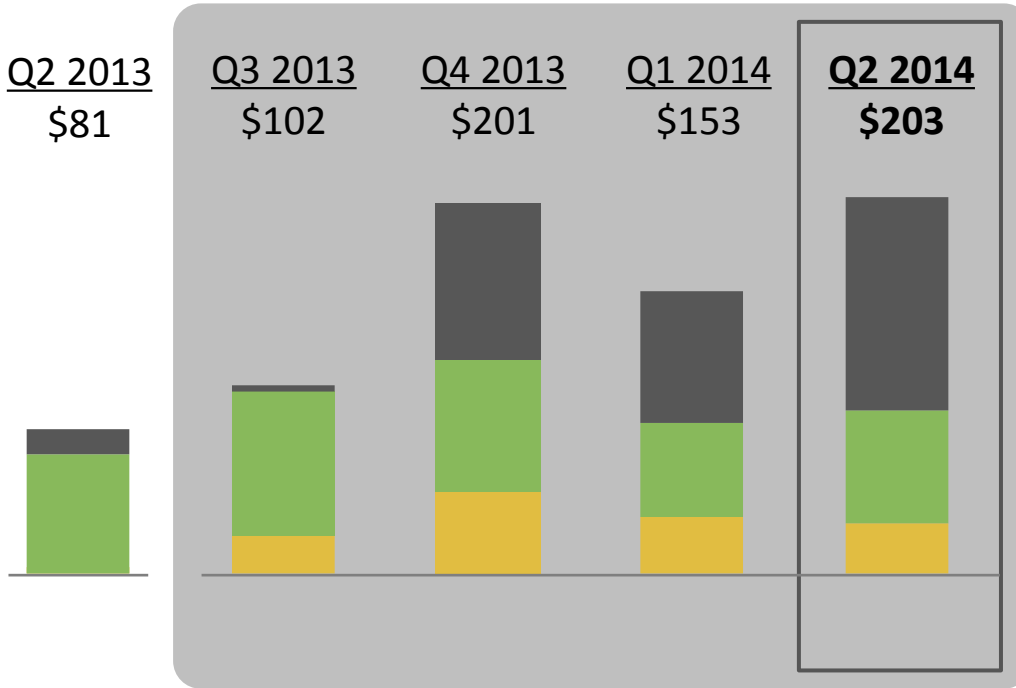
\*Corn operating profit as reported was \$347M



# Ag Services Results Improved

(Segment operating profits in millions. Excludes specified items and timing effects.)

Q2 2013      Q3 2013      Q4 2013      Q1 2014      Q2 2014  
\$81              \$102              \$201              \$153              \$203



- Merchandising and Handling
- Milling and Other
- Transportation

- Sizable recovery in U.S. exports
- International merchandising continued improving
- Exports drove barge freight demand



# **Actions are Improving Returns**

## **Strengthening the Business**

- **Achieved target of \$200 million in ongoing cost savings ahead of schedule; doubled it to \$400 million**

## **Managing the Portfolio**

- **Agreement to acquire WILD Flavors**
- **Acquired remainder of Toepfer**
- **Synthetic Genomics partnership for Omega-3 DHA**
- **South American fertilizer sale**
- **Global chocolate sale**

## **Investing to Grow**

- **Sweetener and soluble-fiber plant in China**
- **Brazil protein specialty complex**
- **Northern Brazil port**



# **Looking Ahead: We're Optimistic**

## **Strong demand for products**

- **Ethanol economics**
- **Global protein consumption**
- **Demand for specialty ingredients**

**Plentiful crops will make products competitive**



# Q&A



# **Upcoming Investor Events**

**September 5, 2014**

- **Barclays Back-To-School Conference In Boston**

**December 3, 2014**

- **ADM Investor Day in Chicago**



# Appendix





# GAAP Statement of Earnings Summary

(Amounts in millions, except per share data and percentages)

	Quarter Ended		
	June 30		
	2014	2013	Change
Revenues	\$ 21,494	\$ 22,541	\$ (1,047)
Gross profit	1,172	807	365
Selling, general, and administrative expenses	(426)	(452)	26
Asset impairment, exit, and restructuring costs	(31)	-	(31)
Equity in earnings of unconsolidated affiliates	78	62	16
Investment income	24	29	(5)
Interest expense	(79)	(107)	28
Other income (expense) - net	(3)	(22)	19
Earnings before taxes	735	317	418
Income taxes	(203)	(91)	(112)
Net earnings including noncontrolling interests	532	226	306
Less: Net earnings (losses) attributable to noncontrolling interests	(1)	3	(4)
<b>Net earnings attributable to ADM</b>	<b>\$ 533</b>	<b>\$ 223</b>	<b>\$ 310</b>
<b>Earnings per share (fully diluted)</b>	<b>\$ 0.81</b>	<b>\$ 0.34</b>	<b>\$ 0.47</b>



# Adjusted Earnings Per Share

	Quarter Ended June 30	
	2014	2013
Reported Earnings Per Share (fully diluted)	\$ 0.81	\$ 0.34
Adjustments:		
LIFO (credit)/charge	(0.07)	0.04
Relocation/restructuring charges	0.03	-
Grain-corp related charges	-	0.05
FCPA charges	-	0.03
<b>Adjusted earnings per share (non-GAAP)<sup>(1)</sup></b>	<b>\$ 0.77</b>	<b>\$ 0.46</b>
Timing effects (gain) loss:		
Corn	(0.07)	(0.01)
Cocoa	-	(0.01)
<b>Adjusted earnings per share excluding timing effects (non-GAAP)<sup>(1)</sup></b>	<b>\$ 0.70</b>	<b>\$ 0.44</b>

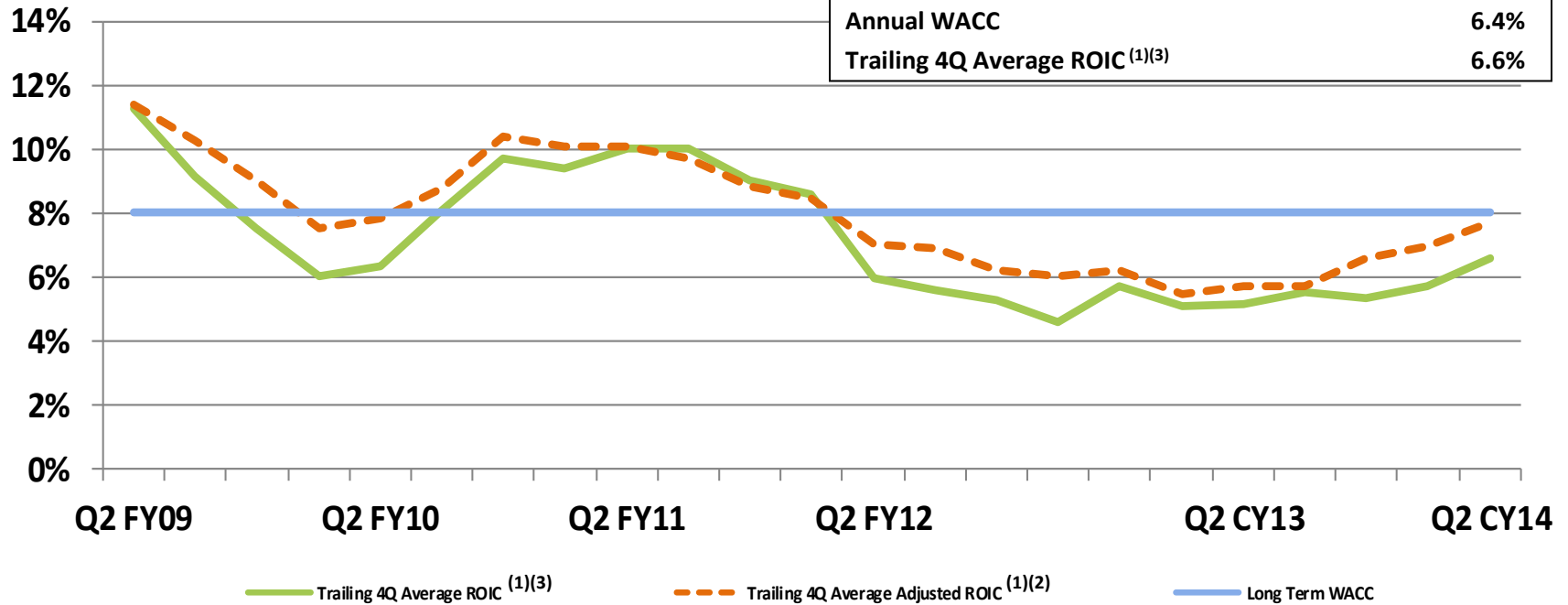
<sup>(1)</sup> Non-GAAP measures - see notes on page 22



# ROIC versus Long-Term WACC

**ROIC Objective: 200 BPS over WACC**

	<b>Q2 CY14</b>
Trailing 4Q Average Adjusted EVA	<b>\$345M</b>
Trailing 4Q Average Adjusted ROIC <sup>(1)(2)</sup>	<b>7.7%</b>
Annual WACC	<b>6.4%</b>
Trailing 4Q Average ROIC <sup>(1)(3)</sup>	<b>6.6%</b>



<sup>(1)</sup> Non-GAAP measure - see notes on page 22

<sup>(2)</sup> Adjusted for LIFO and specified items - see notes on page 22

<sup>(3)</sup> Adjusted for LIFO - see notes on page 22



# Return on Invested Capital

(Amounts in millions)

## Adjusted ROIC Earnings<sup>(3)</sup>

	Quarter Ended				Four Quarters Ended
	Sept. 30, 2013	Dec. 31, 2013	Mar. 31, 2014	June 30, 2014	June 30, 2014
Net earnings attributable to ADM	\$ 476	\$ 374	\$ 267	\$ 533	\$ 1,650
Adjustments					
Interest expense	105	95	93	79	372
LIFO	(298)	-	159	(73)	(212)
Other adjustments	17	278	-	31	326
Total adjustments	(176)	373	252	37	486
Tax on adjustments	74	(55)	(95)	(13)	(89)
Net adjustments	(102)	318	157	24	397
Total Adjusted ROIC Earnings	<u>\$ 374</u>	<u>\$ 692</u>	<u>\$ 424</u>	<u>\$ 557</u>	<u>\$ 2,047</u>

## Adjusted Invested Capital<sup>(3)</sup>

	Quarter Ended				Trailing Four Quarter Average
	Sept. 30, 2013	Dec. 31, 2013	Mar. 31, 2014	June 30, 2014	
Equity <sup>(1)</sup>	\$ 19,538	\$ 20,156	\$ 20,023	\$ 20,184	\$ 19,975
+ Interest-bearing liabilities <sup>(2)</sup>	6,886	6,872	5,675	5,622	6,264
+ LIFO adjustment (net of tax)	185	185	284	238	223
+ Other adjustments (net of tax)	18	259	-	20	74
Total Adjusted Invested Capital	<u>\$ 26,627</u>	<u>\$ 27,472</u>	<u>\$ 25,982</u>	<u>\$ 26,064</u>	<u>\$ 26,536</u>

<sup>(1)</sup> Excludes noncontrolling interests

<sup>(2)</sup> Includes short-term debt, current maturities of long-term debt, capital lease obligations and long-term debt

<sup>(3)</sup> Non-GAAP measure – see notes on page 22



# Processed Volumes

*Metric Tons Processed (000s)*

	Fiscal Year				Calendar Year	
	2009	2010	2011	2012	2012	2013
Oilseeds	28,248	29,095	29,630	31,161	31,820	31,768
Corn	17,833	19,618	23,412	24,618	24,517	23,688
Milling and Cocoa	7,165	7,291	7,179	7,156	7,023	7,226
	<u>53,246</u>	<u>56,004</u>	<u>60,221</u>	<u>62,935</u>	<u>63,360</u>	<u>62,682</u>

	CY13				CY14	
	Q1	Q2	Q3	Q4	Q1	Q2
Oilseeds	8,355	7,382	7,191	8,840	8,689	7,785
Corn	5,294	6,226	5,794	6,374	5,749	6,336
Milling and Cocoa	1,731	1,755	1,878	1,862	1,773	1,788
	<u>15,380</u>	<u>15,363</u>	<u>14,863</u>	<u>17,076</u>	<u>16,211</u>	<u>15,909</u>



# Notes: Non-GAAP Reconciliation

The Company uses certain “Non-GAAP” financial measures as defined by the Securities and Exchange Commission. These are measures of performance not defined by accounting principles generally accepted in the United States, and should be considered in addition to, not in lieu of, GAAP reported measures.

- (1) **Adjusted earnings per share (EPS) and adjusted EPS excluding timing effects**  
Adjusted EPS and adjusted EPS excluding timing effects reflect ADM’s fully diluted EPS after removal of the effect on Reported EPS of certain specified items and timing effects as more fully described above. Management believes that these are useful measures of ADM’s performance because they provide investors additional information about ADM’s operations allowing better evaluation of ongoing business performance. These non-GAAP financial measures are not intended to replace or be an alternative to Reported EPS, the most directly comparable GAAP financial measure, or any other measures of operating results under GAAP. Earnings amounts in the tables above have been divided by the company’s diluted shares outstanding for each respective quarter in order to arrive at an adjusted EPS amount for each specified item and timing effect.
- (2) **Segment operating profit and adjusted segment operating profit**  
Segment operating profit is ADM’s consolidated income from operations before income tax excluding corporate items. Adjusted segment operating profit is segment operating profit adjusted, where applicable, for specified items and timing effects. Timing effects relate to hedge ineffectiveness and mark-to-market hedge timing effects. Management believes that segment operating profit and adjusted segment operating profit are useful measures of ADM’s performance because they provide investors information about ADM’s business unit performance excluding corporate overhead costs, and specified items and timing effects. Segment operating profit and adjusted segment operating profit are non-GAAP financial measures and are not intended to replace earnings before income tax, the most directly comparable GAAP financial measure. Segment operating profit and adjusted segment operating profit are not measures of consolidated operating results under U.S. GAAP and should not be considered as alternatives to income before income taxes or any other measure of consolidated operating results under U.S. GAAP.
- (3) **Adjusted Return on Invested Capital (ROIC)**  
Adjusted ROIC is Adjusted ROIC earnings divided by adjusted invested capital. Adjusted ROIC earnings is ADM’s net earnings adjusted for the after tax effects of interest expense, changes in the LIFO reserve and other specified items. Adjusted ROIC invested capital is the sum of ADM’s equity (excluding noncontrolling interests) and interest-bearing liabilities adjusted for the after tax effect of the LIFO reserve, and other specified items. Management believes Adjusted ROIC is a useful financial measure because it provides investors information about ADM’s returns excluding the impacts of LIFO inventory reserves and other specified items. Management uses Adjusted ROIC to measure ADM’s performance by comparing Adjusted ROIC to its weighted average cost of capital (WACC). Adjusted ROIC, Adjusted ROIC earnings and Adjusted invested capital are non-GAAP financial measures and are not intended to replace or be alternatives to GAAP financial measures.
- (4) **Average ROIC**  
Average ROIC is ADM’s trailing 4-quarter net earnings adjusted for the after-tax effects of interest expense and changes in the LIFO reserve divided by the sum of ADM’s equity (excluding non-controlling interests) and interest-bearing liabilities adjusted for the after-tax effect of the LIFO reserve. Management uses average ROIC for investors as additional information about ADM’s returns. Average ROIC is a non-GAAP financial measure and is not intended to replace or be an alternative to GAAP financial measures.
- (5) **Adjusted Economic Value Added**  
Adjusted economic value added is ADM’s trailing 4-quarter economic value added adjusted for LIFO and other specified items. The Company calculates economic value added by comparing ADM’s trailing 4-quarter adjusted returns to its Annual WACC multiplied by adjusted invested capital. Adjusted economic value added is a non-GAAP financial measure and is not intended to replace or be an alternative to GAAP financial measures.