



# **Third Quarter 2014**

## **Earnings Conference Call**

**November 4, 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**

**Very strong results, progress improving earnings and returns**

- **Corn managed mix to serve demand, optimize margins**
- **Continued international merchandising improvement**
- **Solid Oilseeds results with good demand**

**Continued to advance portfolio management**

- **Selling global chocolate business**
- **Acquiring Specialty Commodities Inc.**
- **Completed WILD Flavors acquisition**

**Expect to repurchase up to 10 million more shares by year-end**



# Q3 2014 Financial Highlights

## Very strong results and year-over-year improvements

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

	Quarter Ended Sept. 30		
	2014	2013	Change
Adjusted earnings per share <sup>(1)(2)</sup>	\$ 0.81	\$ 0.47	\$ 0.34
Adjusted segment operating profit <sup>(1)(3)</sup>	\$ 914	\$ 632	\$ 282
Effective tax rate	28%	32%	
Trailing 4Q average adjusted ROIC <sup>(1)(4)</sup>	8.5%	5.7%	2.8%
Annual WACC	6.4%	5.3%	1.1%
Trailing 4Q Average Adjusted EVA <sup>(1)(4)</sup>	\$ 553	\$ 110	\$ 443

<sup>(1)</sup> Non-GAAP measure - see notes on page 21

<sup>(2)</sup> For reconciliation of adjusted earnings per share - see page 17

<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 19 and notes on page 21



# Segment Operating Profit and Corporate Results

<i>(Amounts in millions)</i>	Quarter Ended Sept. 30		
	2014	2013	Change
<b>Oilseeds Processing</b>	\$ 362	\$ 361	\$ 1
Crushing & Origination	214	242	(28)
Refining, Packaging, Biodiesel	96	85	11
Cocoa & Other (excluding timing effects)	30	10	20
Cocoa hedge timing effects <sup>(2)</sup>	(4)	(5)	1
Asia	26	29	(3)
<b>Corn Processing</b>	\$ 363	\$ 159	\$ 204
Sweeteners & Starches (excluding specified items)	171	108	63
Bioproducts (excluding specified items)	185	72	113
Corn hedge timing effects <sup>(2)</sup>	7	(11)	18
Asset impairment charges <sup>(2)</sup>	0	(10)	10
<b>Agricultural Services</b>	\$ 315	\$ 102	\$ 213
Merchandising & Handling (excluding specified item)	64	4	60
Gain on expansion of JV <sup>(2)</sup>	156	-	156
Transportation	35	21	14
Milling & Other	60	77	(17)
<b>Financial</b>	\$ 33	\$ (16)	\$ 49
<b>Total Segment Operating Profit<sup>(1)</sup></b>	\$ 1,073	\$ 606	\$ 467
<b>Memo: Adjusted Segment Operating Profit<sup>(1)(2)</sup></b>	\$ 914	\$ 632	\$ 282
<b>Corporate</b>	\$ (40)	\$ 103	\$ (143)
LIFO credit (charge)	315	298	17
Interest expense - net	(72)	(105)	33
Unallocated corporate costs	(107)	(97)	(10)
Other charges	(102)	26	(128)
Minority interest and other	(74)	(19)	(55)
<b>Earnings Before Income Taxes</b>	\$ 1,033	\$ 709	\$ 324

<sup>(1)</sup> Non-GAAP measure - see notes on page 21

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



# Cash Flow Summary

**Strong cash flow generation supported \$1.2 billion return of capital**

<i>(Amounts in millions)</i>	Nine Months Ended Sept. 30	
	2014	2013
Cash from operations before working capital changes	\$ 1,947	\$ 1,446
Changes in working capital	2,477	3,423
Purchases of property, plant and equipment	(605)	(659)
Net assets of businesses acquired	(3)	(35)
<b>Sub-Total</b>	<b>3,816</b>	<b>4,175</b>
Marketable securities investment	66	296
Other investing activities	122	224
Debt increase/(decrease) - net	(1,344)	(2,731)
Dividends	(470)	(376)
Stock buyback	(702)	(95)
Other	(70)	45
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>\$ 1,418</b>	<b>\$ 1,538</b>



# Balance Sheet Highlights

## Strong balance sheet with reduced leverage

(Amounts in millions)

	Sept. 30, 2014	Sept. 30, 2013
Cash <sup>(1)</sup>	\$ 4,887	\$ 3,494
Net property, plant and equipment	9,995	10,125
Operating working capital <sup>(2)</sup>	\$ 8,196	\$ 10,363
- Total Inventories	8,034	9,278
Total debt	\$ 5,541	\$ 6,884
- CP outstanding	-	-
Shareholders' equity	\$ 20,261	\$ 19,566
Note: Available credit capacity		
- CP	\$ 4.0 bil	\$ 6.0 bil
- Other	\$ 2.9 bil	\$ 2.7 bil
Memo: Readily marketable inventory	\$ 4.3 bil	\$ 5.3 bil

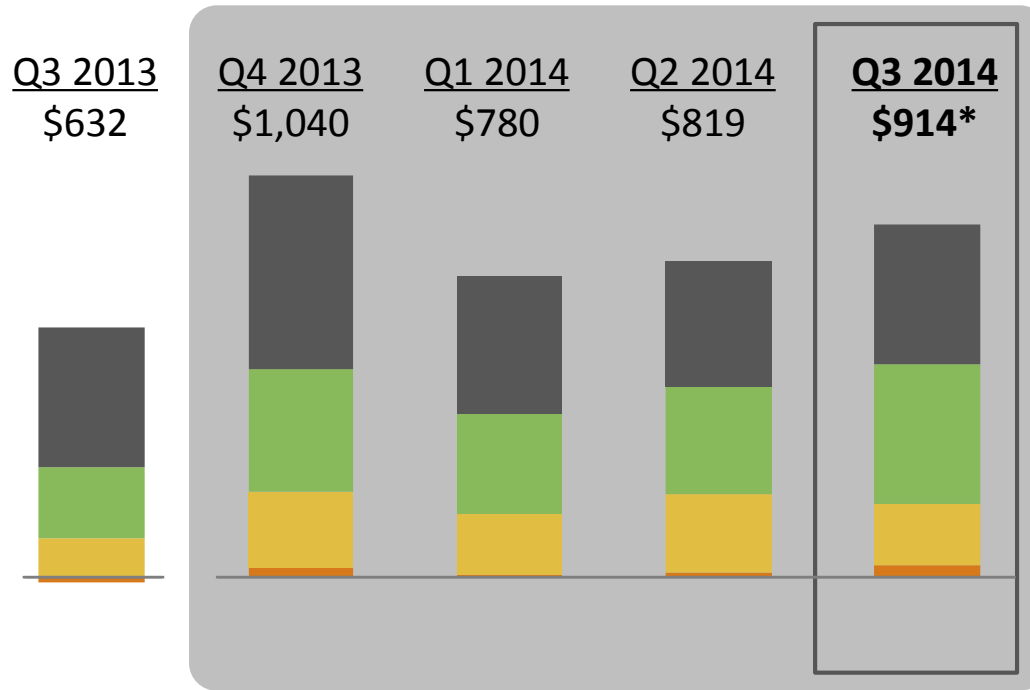
<sup>(1)</sup>Cash = cash and cash equivalents and short-term marketable securities

<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.)



- Up 12 percent from second quarter
- 45 percent increase year-over-year
- Each quarter in 2014 improved sequentially and year-over-year

Oilseeds  
Corn  
Ag Services  
Other

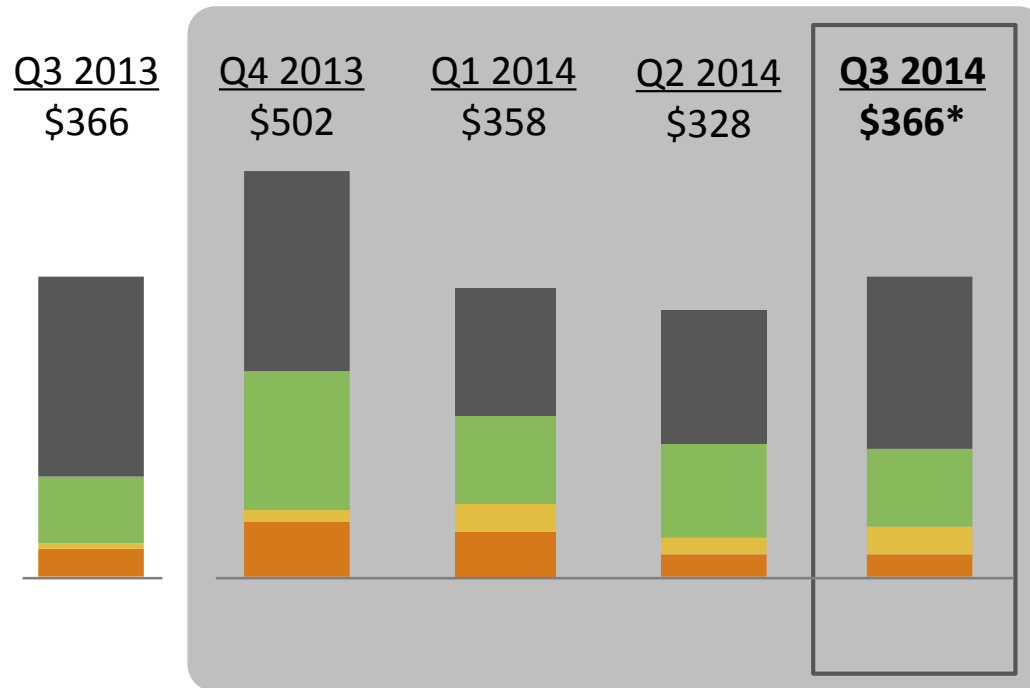
\*Segment operating profit as reported was \$1,073M





# Oilseeds Delivered Solid Quarter

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



- Good margins and volumes in EU rapeseed
- Strong global soy processing margins
- Slow farmer selling in South America limited origination volumes
- Favorable blending economics for EU biodiesel
- Improved margins and volumes in Cocoa

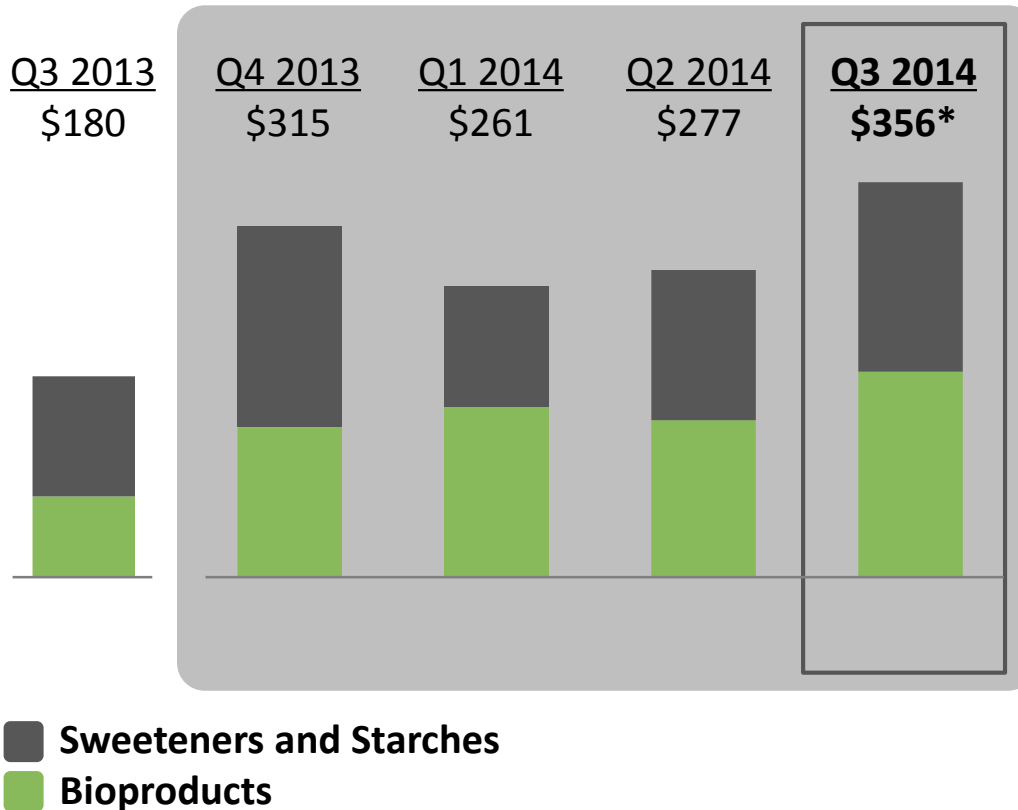
- Crushing & Origination
- Refining, Packaging, Biodiesel
- Cocoa & Other
- Asia

\*Oilseeds operating profit as reported was \$362M



# Corn Performed Well Across the Segment

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



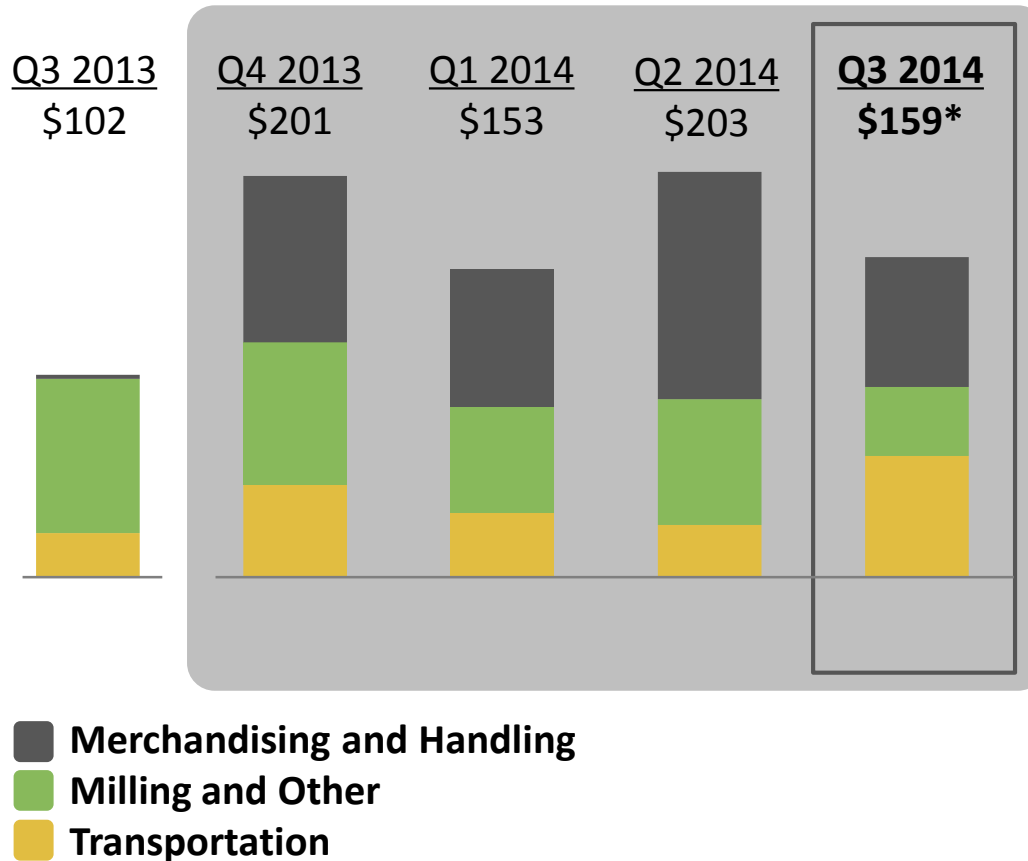
- Flexible production capacity benefited both bioproducts and S&S
- Seasonal ethanol demand decline raised inventories, lowered margins
- Ethanol exports remain strong
- S&S managed product mix to optimize results

\*Corn operating profit as reported was \$363M



# Ag Services Results Improved

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



- Low U.S. exports until harvest
- Volumes recovered in September
- International merchandising improved in nearly all regions and products
- Trucking, barge volumes and rates improved
- Milling margins down

\*Ag Services operating profit as reported was \$315M



# Actions are Improving Returns

## Strengthening the Business

- On-track to achieve \$400 million in ongoing cost savings by year end

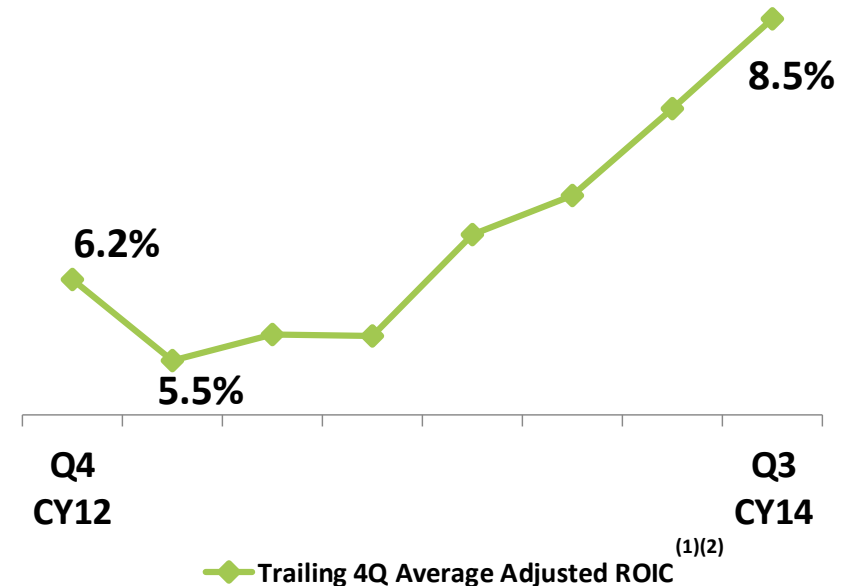
## Managing the Portfolio

- Completed WILD acquisition
- Acquiring Specialty Commodities Inc.
- Expanded U.S. export capabilities
- On-track to close chocolate sale in 1H15
- On-track to close S.A. fertilizer sale by year end
- Golden Peanut and Tree Nuts acquiring U.S. pecan business

## Investing to Grow

- Sweetener and fiber in Tianjin, China
- Feed premix in Nanjing, China
- Protein Specialties in Campo Grande, Brazil
- Fibersol at Clinton, Iowa
- Flour milling consolidation at Beech Grove, Ind.
- Non-GMO lecithin plants in Germany and India

	Q3 CY14
Trailing 4Q Average Adjusted ROIC <sup>(1)(2)</sup>	8.5%
Annual WACC	6.4%
Long-Term WACC	8.0%



<sup>(1)</sup> Non-GAAP measure - see notes on page 21

<sup>(2)</sup> Adjusted for LIFO and specified items - see notes on page 21



# Q&A



# Upcoming Investor Events

**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		
	Sept. 30		
	2014	2013	Change
Revenues	\$ 18,117	\$ 21,393	\$ (3,276)
Gross profit	1,470	1,156	314
Selling, general, and administrative expenses	(451)	(429)	(22)
Asset impairment, exit, and restructuring costs	-	(23)	23
Equity in earnings of unconsolidated affiliates	21	63	(42)
Investment income	16	12	4
Interest expense	(79)	(105)	26
Other income (expense) - net	56	35	21
Earnings before taxes	1,033	709	324
Income taxes	(285)	(228)	(57)
Net earnings including noncontrolling interests	748	481	267
Less: Net earnings (losses) attributable to noncontrolling interests	1	5	(4)
<b>Net earnings attributable to ADM</b>	<b>\$ 747</b>	<b>\$ 476</b>	<b>\$ 271</b>
<b>Earnings per share (fully diluted)</b>	<b>\$ 1.14</b>	<b>\$ 0.72</b>	<b>\$ 0.42</b>





# Adjusted Earnings Per Share

	Quarter Ended Sept 30	
	2014	2013
Reported Earnings Per Share (fully diluted)	\$ 1.14	\$ 0.72
<b>Adjustments:</b>		
LIFO (credit)/charge	(0.30)	(0.28)
Wild Flavors-related charges	0.10	-
Gain on sale of asset	(0.15)	-
Graincorp-related charges	-	(0.02)
Effective tax rate adjustments	0.02	0.03
Asset impairment charges	-	0.02
<b>Adjusted earnings per share (non-GAAP)<sup>(1)</sup></b>	<b>\$ 0.81</b>	<b>\$ 0.47</b>
<b>Timing effects (gain) loss:</b>		
Corn	-	0.01
Cocoa	-	0.01
<b>Adjusted earnings per share excluding timing effects (non-GAAP)<sup>(1)</sup></b>	<b>\$ 0.81</b>	<b>\$ 0.49</b>

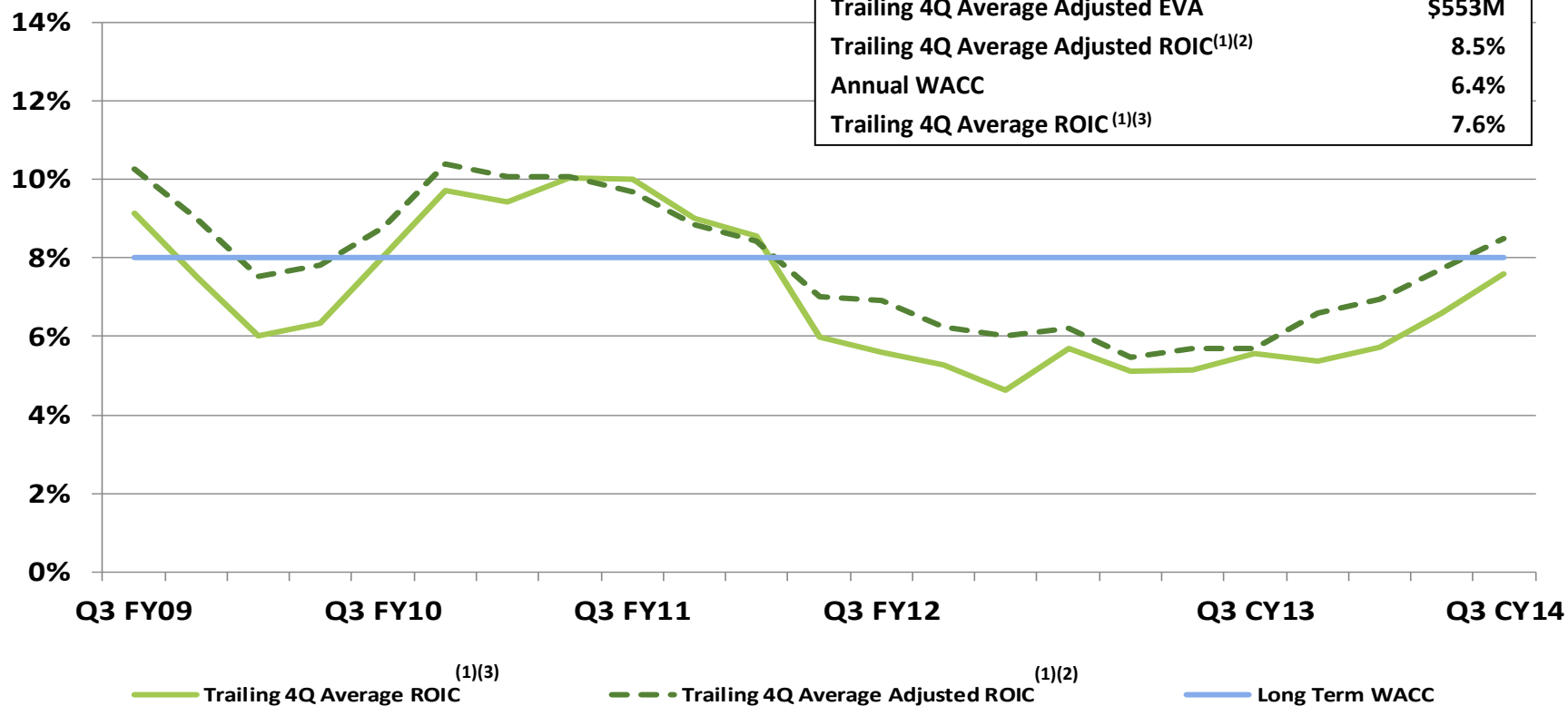
<sup>(1)</sup> Non-GAAP measures - see notes on page 21



# ROIC versus Long-Term WACC

**ROIC Objective: 200 BPS over WACC**

	<u>Q3 CY14</u>
Trailing 4Q Average Adjusted EVA	<b>\$553M</b>
Trailing 4Q Average Adjusted ROIC <sup>(1)(2)</sup>	<b>8.5%</b>
Annual WACC	<b>6.4%</b>
Trailing 4Q Average ROIC <sup>(1)(3)</sup>	<b>7.6%</b>



<sup>(1)</sup> Non-GAAP measure - see notes on page 21

<sup>(2)</sup> Adjusted for LIFO and specified items - see notes on page 21

<sup>(3)</sup> Adjusted for LIFO - see notes on page 21



# Return on Invested Capital

(Amounts in millions)

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

	Quarter Ended				Four Quarters Ended
	Dec. 31, 2013	Mar. 31, 2014	June 30, 2014	Sept. 30, 2014	Sept. 30, 2014
Net earnings attributable to ADM	\$ 374	\$ 267	\$ 533	\$ 747	\$ 1,921
Adjustments					
Interest expense	95	93	79	79	346
LIFO	-	159	(73)	(315)	(229)
Other adjustments	278	(5)	22	(40)	255
Total adjustments	373	247	28	(276)	372
Tax on adjustments	(55)	(95)	(13)	109	(54)
Net adjustments	318	152	15	(167)	318
Total Adjusted ROIC Earnings	<u>\$ 692</u>	<u>\$ 419</u>	<u>\$ 548</u>	<u>\$ 580</u>	<u>\$ 2,239</u>

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

	Quarter Ended				Trailing Four Quarter Average
	Dec. 31, 2013	Mar. 31, 2014	June 30, 2014	Sept. 30, 2014	
Equity <sup>(1)</sup>	\$ 20,156	\$ 20,023	\$ 20,184	\$ 20,226	\$ 20,147
+ Interest-bearing liabilities <sup>(2)</sup>	6,872	5,675	5,623	5,542	5,928
+ LIFO adjustment (net of tax)	185	284	238	43	188
+ Other adjustments (net of tax)	259	(5)	11	(20)	61
Total Adjusted Invested Capital	<u>\$ 27,472</u>	<u>\$ 25,977</u>	<u>\$ 26,056</u>	<u>\$ 25,791</u>	<u>\$ 26,324</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 21



# 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	Q3
Oilseeds	8,355	7,382	7,191	8,840	8,689	7,785	7,235
Corn	5,294	6,226	5,794	6,374	5,749	6,336	6,039
Milling and Cocoa	1,731	1,755	1,878	1,862	1,773	1,788	1,904
	<u>15,380</u>	<u>15,363</u>	<u>14,863</u>	<u>17,076</u>	<u>16,211</u>	<u>15,909</u>	<u>15,178</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.